

VOLUME 2  
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OF THE  
LEGISLATURE

STATE OF MINNESOTA

1987

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RAMALEY PRINTING COMPANY

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## THIRTY-SIXTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 22, 1987

The House of Representatives convened at 2:00 p.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Harold Biederman, United Methodist Church, Worthington, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lasley	Osthoff	Shaver
Anderson, R.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Beard	Haukoos	McDonald	Pauly	Sparby
Begich	Heap	McEachern	Pelowski	Stanius
Bennett	Himle	McKasy	Peterson	Steensma
Bertram	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bishop	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quinn	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Rukavina	Wagenius
DeBlicek	Kinkel	Ogren	Sarna	Waltman
Dempsey	Kludt	Olsen, S.	Schafer	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 624, 1069, 1187, 674, 1070, 1278, 730, 929, 1071, 1511 and 401 and S. F. Nos. 494, 737, 793, 1349, 250, 916, 1015 and 456 have been placed in the members' files.

S. F. No. 793 and H. F. No. 845, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Begich moved that S. F. No. 793 be substituted for H. F. No. 845 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1015 and H. F. No. 1155, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Begich moved that S. F. No. 1015 be substituted for H. F. No. 1155 and that the House File be indefinitely postponed. The motion prevailed.

## PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 16, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives  
The State of Minnesota

Dear Sir:

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

H. F. No. 11, relating to state land; allowing the private sale of a certain tract in St. Louis county.

H. F. No. 23, relating to health; requiring hospitals to establish a protocol to obtain organs for transplantation; proposing coding for new law in Minnesota Statutes, chapter 525.

H. F. No. 202, relating to corporations; providing for modification of the personal liability of directors of certain corporations and fraternal benefit societies; authorizing certain advances by fraternal benefit societies; amending Minnesota Statutes 1986, sections 64B.08, by adding subdivisions; 300.45; and 300.64, by adding a subdivision.

H. F. No. 348, relating to state lands; allowing the private sale of certain land in Cook county.

H. F. No. 400, relating to game and fish; authorizing commissioner to allow a person to take two deer; amending Minnesota Statutes 1986, section 97B.301, subdivision 4.

H. F. No. 424, relating to the military; authorizing the adjutant general to delegate certain duties to subordinates; amending Minnesota Statutes 1986, section 190.16, by adding a subdivision.

Sincerely,

RUDY PERPICH  
Governor

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

April 17, 1987

The Honorable Fred C. Norton  
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 1987 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 1987</i>	<i>Date Filed 1987</i>
128		27	April 16, 1987	April 17, 1987
279		28	April 16, 1987	April 17, 1987
291		29	April 16, 1987	April 17, 1987
403		30	April 16, 1987	April 17, 1987
	11	31	April 16, 1987	April 17, 1987
	23	32	April 16, 1987	April 17, 1987
	202	33	April 16, 1987	April 17, 1987
	348	34	April 16, 1987	April 17, 1987
	400	35	April 16, 1987	April 17, 1987
	424	36	April 16, 1987	April 17, 1987

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

## REPORTS OF STANDING COMMITTEES

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 511, A bill for an act relating to appropriations; appropriating money for demonstration project involving production of butanol and ethanol from sweet sorghum.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 733, A bill for an act relating to transportation; authorizing special permits for 110-foot vehicle combinations to operate outside the metropolitan area on interstate highways; setting a fee for the permit; providing for the modification of certain interchanges, streets, and highways; amending Minnesota Statutes 1986, sections 169.81, subdivision 2; and 169.86, subdivision 5, and by adding a subdivision.

Reported the same back with the following amendments:

Page 5, line 5, delete "\$15" and insert "\$30"

Page 5, line 34, after "at" insert "a rest area or"

Page 6, line 4, after "highway" insert "rest area or"

Page 6, line 8, after the first "the" insert "rest area or"

Page 6, line 10, delete "An" and insert "A rest area or"

Page 6, line 11, after the first "the" insert "rest area or"

Page 6, line 17, delete "two" and insert "four rest areas and three"

Page 6, line 18, delete "before July 1, 1988"

Page 6, line 22, delete "must"

Page 6, delete lines 23 to 28 and insert "and the commissioner may enter into an agreement that specifies the nature of modifications to the intersecting highway and entry points needed to allow their safe use by permitted combinations. The agreement may include a provision under which the commissioner will pay the costs of the modification."

Page 7, after line 10, insert:

"(h) A permit under this subdivision must require that a three-vehicle combination operating under it must, while on an interstate highway:

(1) travel in the extreme right-hand lane except to pass another vehicle or to allow for merging traffic;

(2) travel at a speed not exceeding 55 miles per hour; and

(3) display on the back of the rearmost vehicle of the combination a "long load" sign of a size specified in the permit.

(i) No permit under this section may be issued before the day the first designation of an interchange is made under paragraph (d), or after June 30 of the third year following the year in which that designation is made.

Sec. 4. [STUDY REQUIRED.]

The commissioner shall conduct a study of the three-vehicle combinations permitted under section 3. The study must include, but is not limited to:

(a) the revenue impact of permitting the three-vehicle combinations;

(b) the costs of modifications to rest areas, interchanges, intersecting highways, and access points;

(c) the economic benefits to industry and the state economy;

(d) the accident experience of three-vehicle combinations;

(e) the amount of damage to pavements, bridges, and highway appurtenances caused or relieved by the use of three-vehicle combinations;

(f) the effects of permitting three-vehicle combinations on the state's exposure to tort liability;

(g) the degree of public acceptance of three-vehicle combinations.

The commissioner shall report to the chairs of the transportation committees of the senate and house of representatives on the results of the study not later than January 1 of the third year following the year in which the first designation of an interchange is made under section 3."

Renumber the remaining section

Page 7, line 12, delete "3" and insert "4"

Amend the title as follows:

Page 1, line 6, after "certain" insert "rest areas,"

Page 1, line 7, after the semicolon insert "providing for a study of three-vehicle combinations;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1375, A bill for an act relating to alcoholic beverages; restricting sales to tax delinquent licensees; limiting imports by individuals; maximum volume for volume prices; purchases by delinquent licensees; restricting employment of minors in nonintoxicating liquor premises; repealing nondiscriminatory price

law; amending Minnesota Statutes 1986, sections 297A.151, subdivisions 2 and 3; 297C.09; 340A.302, subdivision 1; 340A.312, subdivision 2; 340A.318, subdivisions 1 and 3; and 340A.411, by adding a subdivision; repealing Minnesota Statutes 1986, section 340A.307, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 19 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. Amounts in excess of these quantities may be imported only by a licensee holding the appropriate license as manufacturer, wholesaler, or importer under section 340A.301 or 340A.302. A collector of commemorative bottles, other than a person under the age of 19 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 2. Minnesota Statutes 1986, section 340A.302, subdivision 1, is amended to read:

Subdivision 1. [LICENSES REQUIRED.] Except as provided in section sections 297C.09 and 340A.301, subdivision 1, no retailer or other person may ship or cause to be shipped alcoholic beverages or ethyl alcohol for personal use or to a licensed manufacturer or wholesaler without obtaining an importer's license from the commissioner.

Sec. 3. Minnesota Statutes 1986, section 340A.308, is amended to read:

## 340A.308 [PROHIBITED TRANSACTIONS.]

(a) No brewer or malt liquor wholesaler may directly or indirectly, or through an affiliate or subsidiary company, or through an officer, director, stockholder, or partner:

- (1) give, or lend money, credit, or other thing of value to a retailer;
- (2) give, lend, lease, or sell furnishing or equipment to a retailer;
- (3) have an interest in a retail license; or
- (4) be bound for the repayment of a loan to a retailer.

(b) This section does not prohibit a manufacturer or wholesaler from:

(1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to \$100 excluding installation and repair costs;

(2) furnishing, lending, or renting to a retailer inside signs and other promotional material, of a cost of up to \$100 in a year;

(3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor, including tap trailers, cold plates and other dispensing equipment, of a cost of up to \$100 per tap in a year;

(4) using or renting property owned continually since November 1, 1933, for the purpose of selling intoxicating or nonintoxicating malt liquor at retail; or

(5) extending customary commercial credit to a retailer in connection with a sale of nonalcoholic beverages only, or engaging in cooperative advertising agreements with a retailer in connection with the sale of nonalcoholic beverages only.

Sec. 4. Minnesota Statutes 1986, section 340A.312, subdivision 2, is amended to read:

Subd. 2. [VOLUME PRICES.] A variable volume price offered by a wholesaler to a licensed retailer on sales of distilled spirits or wine may not be for a quantity of more than ~~300 one-liter or smaller bottles~~ 25 cases.

Sec. 5. Minnesota Statutes 1986, section 340A.318, subdivision 2, is amended to read:

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 delinquencies exist which are required to be reported. The name and address of each retail licensee who makes payment with a postdated check, or a check that is dishonored on presentment, must also be submitted to the commissioner at that time. 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.

Sec. 6. Minnesota Statutes 1986, section 340A.318, subdivision 3, is amended to read:

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.

Sec. 7. Minnesota Statutes 1986, section 340A.318, subdivision 4, is amended to read:

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. A retail licensee who engages in the retail liquor business at two or more locations means "a person or group of persons possessing 50 percent or more ownership in two or more locations."

Sec. 8. Minnesota Statutes 1986, section 340A.404, is amended by adding a subdivision to read:



Subd. 6a. [SEASONAL LICENSES; COUNTIES.] A county may issue seasonal on-sale intoxicating liquor licenses of periods specified in the licenses, which may not exceed six months, or in the case of Lake county, nine months. The county board shall determine the fee for such a license. Not more than one seasonal on-sale license may be issued to any one premises in any 12-month period.

Sec. 9. Minnesota Statutes 1986, section 340A.405, subdivision 2, is amended to read:

Subd. 2. [COUNTIES.] (a) A county may issue an off-sale intoxicating license with the approval of the commissioner to exclusive liquor stores located within unorganized territory of the county.

(b) A county board of any county except Ramsey county containing a town exercising powers under section 368.01, subdivision 1, may issue an off-sale license to an exclusive liquor store within that town with the approval of the commissioner. No license may be issued under this paragraph unless the town board adopts a resolution supporting the issuance of the license.

(c) A county board of any county except Ramsey county containing a town that may not exercise powers under section 368.01, subdivision 1, may issue a combination off-sale and on-sale license to restaurants within that town with the approval of the commissioner pursuant to section 340A.404, subdivision 6. No license may be issued under this paragraph unless the town board adopts a resolution supporting the issuance of the license.

(d) No license may be issued under this subdivision unless a public hearing is held on the issuance of the license. Notice must be given to all interested parties and to any city located within three miles of the premises proposed to be licensed. At the hearing the county board shall consider testimony and exhibits presented by interested parties and may base its decision to issue or deny a license upon the nature of the business to be conducted and its impact upon any municipality, the character and reputation of the applicant, and the propriety of the location. Any hearing held under this paragraph is not subject to chapter 14.

(e) A county board may not issue a license under this subdivision to a person for an establishment located less than three miles by the most direct route from the boundary of any statutory or home rule city except cities of the first class or within Pine ~~or~~, Kanabec, or Red Lake counties within three miles of a statutory or home rule city with a municipal liquor store.

(f) The town board may impose an additional license fee in an amount not to exceed 20 percent of the county license fee.

(g) Notwithstanding any provision of this subdivision or Laws 1973, chapter 566, as amended by Laws 1974, chapter 200, a county board may transfer or renew a license that was issued by a town board under Minnesota Statutes 1984, section 340.11, subdivision 10b prior to January 1, 1985.

Sec. 10. Minnesota Statutes 1986, section 340A.405, is amended by adding a subdivision to read:

Subd. 4. [TEMPORARY OFF-SALE LICENSES; WINE AUCTIONS.] (a) The governing body of a city may issue a temporary license for the off-sale of wine at an auction with the approval of the commissioner. A license issued under this subdivision authorizes the sale of only vintage wine of a brand and vintage that is not commonly being offered for sale by any wholesaler in Minnesota. The license may authorize the off-sale of wine for not more than three consecutive days provided not more than 600 cases of wine are sold at any auction. The licenses are subject to the terms, including license fee, imposed by the issuing city. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except section 340A.409 and those laws and ordinances which by their nature are not applicable.

(b) As used in the subdivision, "vintage wine" means bottled wine which is at least five years old.

Sec. 11. Minnesota Statutes 1986, section 340A.412, subdivision 10, is amended to read:

Subd. 10. [EMPLOYMENT OF MINORS.] No person under 18 years of age may be employed in a place where intoxicating liquor is sold for consumption on the premises, except persons under 18 years of age may be employed as musicians or in bussing or washing dishes in a restaurant or hotel that is licensed to sell intoxicating liquor and may be employed as waiters or waitresses at a restaurant, hotel, or motel where only wine is sold, provided that the person under the age of 18 may not serve or sell any wine serve or sell intoxicating liquor in a retail intoxicating liquor establishment.

Sec. 12. Minnesota Statutes 1986, 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, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an

opportunity for a hearing under sections 14.57 to 14.70 of the administrative procedure act. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly sells alcoholic beverages to another retail licensee for the purpose of resale, or on a retail licensee who purchases alcoholic beverages from another retail licensee for the purpose of resale.

Sec. 13. [340A.907] [INSPECTION.]

The commissioner of public safety or any duly authorized employee may, at all reasonable hours, enter in and upon the premises of any licensee or permit holder under this chapter to inspect the premises and examine the books, papers, and records of a manufacturer, wholesaler, importer, or retailer for the purpose of determining whether the provisions of this chapter are being complied with. If the commissioner or any duly authorized employee is denied free access or is hindered or interfered with in making an inspection or examination, the licensee or permit holder is subject to revocation pursuant to section 340A.304 in the case of a wholesaler, manufacturer, or importer, and section 340A.415 in the case of a retailer.

Sec. 14. [REPEALER.]

Minnesota Statutes 1986, sections 34.119; 34.12; 34.13; 34.14; 340A.307, subdivision 3; and 340A.313, are repealed.

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; limiting imports by individuals; permitting certain transactions between brewers and wholesalers; specifying limits on variable volume prices; providing for notice of credit-delinquent retailers; authorizing counties to issue seasonal on-sale licenses; specifying counties which may issue licenses in certain locations; permitting wine auctions; setting minimum age to sell or serve alcoholic beverages; specifying who may impose administrative penalties for certain violations by retailers; authorizing inspections of licensed premises by the commissioner of public safety; repealing affirmation law, wholesale price filing, and percentage requirements for malt barley in beer; amending Minnesota Statutes 1986, sections 297C.09; 340A.302, subdivision 1; 340A.308; 340A.312, subdivision 2; 340A.318, subdivisions 2, 3, and 4; 340A.404, by adding a subdivision; 340A.405, subdivision 2, and by adding a subdivision; 340A.412, subdivision 10; 340A.415; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1986, section 34.119; 34.12; 34.13; 34.14; 340A.307, subdivision 3; and 340A.313."

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1393, A bill for an act relating to business corporations; regulating mergers and exchanges; amending Minnesota Statutes 1986, sections 302A.471, subdivisions 1 and 3; 302A.601, subdivision 2; 302A.611; 302A.613; 302A.615; 302A.631; and 302A.641, subdivision 1.

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

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1495, A bill for an act relating to liquor; authorizing the city of Little Falls to issue a temporary on-sale intoxicating liquor license.

Reported the same back with the following amendments:

Page 1, line 13, delete "1978" and insert "1987"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

S. F. No. 89, A bill for an act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 336.9-501; 550.365; 559.209; 581.015; 583.22, subdivisions 2 and 8, and by adding a subdivision; 583.24, subdivisions 1, 3; and by adding a subdivision; 583.26, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, and by adding a subdivision; 583.27, subdivisions 1, 3, and 4; 583.28; and 583.285; proposing coding for new law in Minnesota Statutes, chapter 583.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [325G.221] [DEFICIENCY JUDGMENTS ON AGRICULTURAL PERSONAL PROPERTY.]

Subdivision 1. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment on personal 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. 2. [ATTACHMENT OF PERSONAL PROPERTY AFTER JUDGMENT IS ENTERED.] A deficiency judgment obtained to enforce a debt on personal property used in agricultural production does not attach to real or personal property that is acquired by the debtor after the judgment is entered.

Sec. 2. [514.661] [LIEN FOR RENTAL VALUE OF FARM MACHINERY DURING MEDIATION.]

If a person or entity owed a debt secured by a perfected or unperfected security interest in seasonal use machinery is required to mediate and engages in mediation under sections 583.20 to 583.32 as a result of a debtor's default on a purchase or loan contract, the secured party may file a lien on the crops produced by the debtor in the calendar year in which mediation occurs. The lien is limited to the reasonable rental value of seasonal use machinery which is used for field operation during the mediation period. The lien provided under this section is perfected by the secured party if filed during mediation or within 30 days after the conclusion of mediation. The lien provided under this section has priority over all other liens or security interests in crops produced by the debtor during the calendar year in which mediation occurs. "Reasonable rental value" must be no more than the rental value of machinery of like capacity and age as determined by the director of the University of Minnesota extension service and is limited to the tachometer time during which or the acreage for which the machinery is used during the mediation period.

The definition of "seasonal use machinery" in section 6 applies to this section.

A lien created and perfected under this section is exempt from sections 583.20 to 583.32 and is effective against crops growing or to be grown by the debtor in the calendar year.

The principal amount of debt secured by seasonal use machinery must be reduced by an amount equal to any amount paid in satisfaction of a lien created under this section, less interest accrued on the debt during mediation.

Sec. 3. Minnesota Statutes 1986, section 559.209, is amended by adding a subdivision to read:

Subd. 1a. If a contract for deed vendor who is a natural person is required to mediate and engages in mediation under sections 583.20

to 583.32 as a result of a purchaser's default on the contract, the vendor acquires the status of a landlord and may file a lien under section 514.960 for the reasonable rental value of the property during the mediation period as mutually determined by the vendor and the vendee or by district court. The lien provided under this subdivision is perfected by the vendor if filed during mediation or within 30 days after the conclusion of mediation notwithstanding the requirement of section 514.960, subdivision 2, that the lien be filed within 30 days after the crops become growing crops. The rental period under this section must not exceed the period in which the vendor's remedies are stayed under sections 583.20 to 583.32. Payments acquired through a lien created under this subdivision must be applied according to the terms of the contract.

A lien created under this section and filed under section 514.960 is exempt from sections 583.20 to 583.32 and effective against any crops growing or to be grown regardless of ownership.

Sec. 4. Minnesota Statutes 1986, section 580.031, is amended to read:

**580.031 [MINIMUM NOTICE.]**

Notwithstanding the provisions of any other law to the contrary, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which the provisions of chapter 583 apply if the notice is published for the first time after May 24, 1983 and prior to May 1, 1985 or after June 8, 1985, and prior to May 1, 1987 June 30, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Sec. 5. Minnesota Statutes 1986, section 583.22, 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 operation including equipment, crops, livestock, removable agricultural structures under lease with option to purchase, and proceeds of the security. "Agricultural property" does not include personal property that is subject to a possessory lien under sections 514.18 to 514.22 or the property, other than removable agricultural structures under lease with option to purchase, that is leased to the debtor.

Sec. 6. Minnesota Statutes 1986, chapter 583.22, is amended by adding a subdivision to read:

Subd. 9. [SEASONAL USE MACHINERY.] "Seasonal use machinery" means machinery, equipment, or implements used exclusively for planting, for row crop cultivating, or for harvesting. Seasonal use machinery does not include a tractor, tillage equipment, or utility implements used for general farm purposes.

Sec. 7. Minnesota Statutes 1986, section 583.24, subdivision 1, is amended to read:

Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are owed debts subject to the farmer-lender mediation act and 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).

Sec. 8. Minnesota Statutes 1986, section 583.24, is amended by adding a subdivision to read:

Subd. 4. [DEBTS NOT COVERED.] The farmer-lender mediation act does not apply to a debt:

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt of a debtor who has filed a petition in bankruptcy after the effective date of this section under United States Code, title 11, chapter 7, 11, 12, or 13; or

(2) for which a creditor has received a mediation proceeding notice and the creditor and debtor have signed a mediation agreement.

Sec. 9. Minnesota Statutes 1986, section 583.26, subdivision 3, is amended to read:

Subd. 3. [CREDIT FINANCIAL ANALYST AND FARM ADVOCATE.] (a) Within three business days after receiving a mediation notice, the director shall provide a credit financial 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. If necessary, the financial analyst shall assist the debtor in preparing a current balance sheet, a current inventory of farm assets, and input forms

for a cash flow analysis developed through the use of a FINPAC or similar cash flow analysis computer program.

(b) After receiving the mediation notice, the director shall notify supply the debtor that with a list of farm advocate advocates that may be available without charge to assist the debtor and the credit financial analyst.

Sec. 10. Minnesota Statutes 1986, section 583.26, is amended by adding a subdivision to read:

Subd. 3a. [ORIENTATION SESSION.] The director shall schedule an orientation session to be held at least five days before the first mediation meeting. The debtor, the financial analyst, and a mediator shall participate in the orientation session. The mediator at the session need not be the one assigned to the mediation proceeding under subdivision 4. Creditors participating in the mediation may participate in the orientation session. At the orientation session, the financial analyst shall review the debtor's financial records to determine if they are adequate for the mediation and inform the debtor of any inadequacies, and the mediator shall inform the debtor of the requirements of the mediation process.

Sec. 11. Minnesota Statutes 1986, section 583.26, subdivision 4, is amended to read:

Subd. 4. [INITIAL MEDIATION MEETING.] (a) By ten five business days after receiving a mediation request, the director shall send: (1) a mediation meeting notice to the debtor; and (2) a mediation meeting notice to all creditors listed by the debtor in the mediation request; and (3) a claim form to all known secured creditors of listed by 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: state:

(1) the name and address of the debtor;

(2) that the debtor has requested mediation under the farmer-lender mediation act;

(3) the time and place for the orientation session;

(4) the time and place for the initial mediation meeting;

(5) a list of the names of three mediators that may be assigned to the proceeding, along with background information on those mediators including biographical information, a summary of previous



mediation experience, and the number of agreements signed by parties to previous mediation;

(6) that the debtor and the initiating creditor may each request the director to exclude one mediator by notifying the director within three days after receiving the notice;

(7) that the farmer-lender mediation act prohibits the creditor from beginning or continuing a proceeding to enforce the debt against agricultural property for 90 days after the initiation of mediation unless otherwise allowed; and

(8) that the creditor must provide the debtor by the orientation session with copies of notes and contracts for debts subject to the farmer-lender mediation act and provide a statement of interest rates on the debts, delinquent payments, unpaid principal and interest balances, the creditor's value of the collateral, and debt restructuring programs available by the creditor.

(c) An initial mediation meeting must be held within 20 days of the notice.

(e) Each (d) The initiating creditor and the debtor may each request the director to exclude one mediator from the list by sending the director a notice to such effect exclude the mediator within three 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.

Sec. 12. Minnesota Statutes 1986, section 583.26, subdivision 5, is amended to read:

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 initiation of mediation debtor files a mediation request with the director, 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 initiation of mediation debtor files a mediation request with the director, or (2) a mediation agreement is reached.

Sec. 13. Minnesota Statutes 1986, section 583.26, is amended by adding a subdivision to read:

Subd. 10. [END OF MEDIATION.] (a) The mediator shall sign and deliver by certified mail to the parties and the director a termination statement at the end of the time period specified in subdivision 5.

(b) The mediator shall prepare a termination statement that:

(1) acknowledges that mediation has ended; and

(2) describes or references agreements reached between a creditor and the debtor, if any, and agreements reached among creditors, if any.

(c) Mediation agreements may be included as part of the termination statement.

Sec. 14. Minnesota Statutes 1986, section 583.27, subdivision 3, is amended to read:

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 of the debtor's residence with a request for court supervision of mediation and serving a copy of the request 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 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 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.

Sec. 15. Minnesota Statutes 1986, section 583.27, subdivision 4, is amended to read:

Subd. 4. [DEBTOR LACK OF GOOD FAITH.] (a) A debtor is not mediating in good faith if the debtor defrauds, conceals, removes, or transfers agricultural property in which the debtor knows there is a security interest, if the concealing, removing, or transferring violates a security agreement without remitting the proceeds to the secured party.

(b) 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 583.20 to 583.32.

Sec. 16. Minnesota Statutes 1986, section 583.27, is amended by adding a subdivision to read:

Subd. 5. [INSPECTION OF COLLATERAL.] After a debtor requests mediation under section 583.26, subdivision 2, a creditor who is participating in the mediation and who has a security agreement relating to agricultural property under the debtor's control may inspect the secured agricultural property during normal business hours on 24 hours' notice to the debtor. For purposes of this subdivision, "normal business hours" means 8:00 a.m. to 6:00 p.m. Monday through Friday but excludes official Minnesota and United States holidays.

Failure to permit this inspection by the creditor, or destruction or waste of the property securing the debt, is evidence of the debtor's lack of good faith under subdivision 1, clause (6).

Sec. 17. [583.284] [RETENTION OF PURCHASE MONEY SECURITY INTEREST.]

If a creditor has a purchase money security interest as defined in section 336.9-107, and renegotiates the debt under the farmer-lender mediation act to reduce the principal balance or the interest rate or to extend the repayment period, the creditor retains the purchase money security interest for the renegotiated debt.

Sec. 18. [583.305] [PROHIBITED WAIVERS.]

A lender may not require a borrower to waive rights under the farmer-lender mediation act as a condition for making a loan. Any such waiver of rights under the farmer-lender mediation act since March 21, 1986, is void.

Sec. 19. Laws 1983, chapter 215, section 16, as amended by Laws 1984, chapter 474, section 7, as amended by Laws 1985, chapter 306, section 26, is amended to read:

Sec. 16. [REPEALER.]

Sections 1 to 15 are repealed effective July 1, ~~1987~~ 1989, but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court.

Sec. 20. Laws 1986, chapter 398, article 1, section 18, is amended to read:

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), are repealed on July 1, ~~1988~~ 1989.

Sec. 21. [REPEALER.]

Minnesota Statutes 1986, section 583.24, subdivision 3, is repealed.

Sec. 22. [EFFECTIVE DATE.]

This act is effective July 1, 1987.

Delete the title and insert:

“A bill for an act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 559.209, by adding a subdivision; 580.031; 583.22, subdivision 2, and by adding a subdivision; 583.24, subdivision 1, and by adding a subdivision; 583.26, subdivisions 3, 4, 5, and by adding subdivisions; 583.27, subdivisions 3, 4, and by adding a subdivision; Laws 1983, chapter 215, section 16, as amended; and Laws 1986, chapter 398, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapters 325G; 514; and 583; repealing Minnesota Statutes 1986, section 583.24, subdivision 3.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 157, A bill for an act relating to property interests; enacting the uniform statutory rule against perpetuities; amending Minnesota Statutes 1986, section 500.17, subdivision 2; proposing

coding for new law as Minnesota Statutes, chapter 501A; repealing Minnesota Statutes 1986, section 500.13.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 324, A bill for an act relating to traffic regulations; removing exemptions regarding alcohol-or controlled substance-related activities of persons engaged in work upon the highway; amending Minnesota Statutes 1986, section 169.03, subdivision 6.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 365, A bill for an act relating to search and seizure; requiring enforcement officers to have probable cause before entering certain buildings to determine whether wild animals are stored in compliance with the game and fish laws; amending Minnesota Statutes 1986, section 97A.215, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

S. F. No. 406, A bill for an act relating to commerce; regulating the distribution and sale of motor vehicles; limiting the granting or relocating of certain franchises; specifying the circumstances to be considered; removing certain regulations on nonrenewals; amending Minnesota Statutes 1986, section 80E.14, subdivisions 1 and 2; repealing Minnesota Statutes 1986, section 80E.10.

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

The report was adopted.

Osthoff from the Committee on Metropolitan Affairs to which was referred:

S. F. No. 420, A bill for an act relating to crimes; metropolitan transit; authorizing peace officers hired by the metropolitan transit commission to make arrests within the metropolitan area; amending Minnesota Statutes 1986, section 629.40, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1986, section 352.01, subdivision 2B, is amended to read:

Subd. 2B. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of state employee:

- (1) elective state officers;
- (2) students employed by the University of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board or the state board for community colleges, as the case may be;
- (3) employees who are eligible to membership in the state teachers retirement association except employees of the department of education who have elected or may elect to be covered by the Minnesota state retirement system instead of the teachers retirement association;
- (4) employees of the University of Minnesota who are excluded from coverage by action of the board of regents;
- (5) officers and enlisted personnel in the national guard and the naval militia and such as are assigned to permanent peacetime duty who pursuant to federal law are or are required to be members of a federal retirement system;
- (6) election officers;
- (7) persons engaged in public work for the state but employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;
- (8) officers and employees of the senate and house of representatives or legislative committee or commission who are temporarily employed;

(9) all courts and court employees, referees, receivers, jurors, and notaries public, except employees of the appellate courts and referees and adjusters employed by the department of labor and industry;

(10) patient and inmate help in state charitable, penal and correctional institutions including the Minnesota veterans home;

(11) persons employed for professional services where the service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

(12) employees of the Sibley House Association;

(13) employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;

(14) operators and drivers employed pursuant to section 16.07, subdivision 4;

(15) the members of any state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those boards if their compensation is \$500 or less per year, or, if they are legally prohibited from serving more than two consecutive terms and their total service therefor is required by law to be less than ten years; and the board of managers of the state agricultural society and its treasurer unless the treasurer is also its full-time secretary;

(16) state troopers;

(17) temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of the same year; and persons employed at any time or times by the state fair administration for special events held on the fairgrounds;

(18) emergency employees in the classified service except emergency employees who within the same pay period become provisional or probationary employees on other than a temporary basis, shall be deemed "state employees" retroactively to the beginning of the pay period;

(19) persons described in section 352B.01, subdivision 2, clauses (b) and (c) formerly defined as state police officers;

(20) all temporary employees in the classified service, all temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one-year period and all seasonal help in the classified service employed by the department of revenue;

(21) trainees paid under budget classification number 41, and other trainee employees, except those listed in subdivision 2A, clause (10);

(22) persons whose compensation is paid on a fee basis;

(23) state employees who in any year have credit for 12 months service as teachers in the public schools of the state and as teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(24) employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(25) chaplains and nuns who have taken a vow of poverty as members of a religious order;

(26) labor service employees employed as a laborer 1 on an hourly basis;

(27) examination monitors employed by departments, agencies, commissions, and boards for the purpose of conducting examinations required by law;

(28) members of appeal tribunals, exclusive of the chair, to which reference is made in section 268.10, subdivision 4;

(29) persons appointed to serve as members of fact finding commissions, adjustment panels, arbitrators, or labor referees under the provisions of chapter 179;

(30) temporary employees employed for limited periods of time under any state or federal program for the purpose of training or rehabilitation including persons employed for limited periods of time from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(31) full-time students employed by the Minnesota historical society who are employed intermittently during part of the year and full time during the summer months;

(32) temporary employees, appointed for not more than six months, of the metropolitan council and of any of its statutory boards, the members of which board are appointed by the metropolitan council;



(33) persons employed in positions designated by the department of employee relations as student workers;

(34) any person who is 65 years of age or older when appointed and who does not have allowable service credit for previous employment, unless the employee gives notice to the director within 60 days following appointment that coverage is desired;

(35) members of trades employed by the metropolitan waste control commission with trade union pension plan coverage pursuant to a collective bargaining agreement first employed after June 1, 1977; and

(36) 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 system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the 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 Employment and Training Act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution; and

(37) off-duty peace officers while employed by the metropolitan transit commission under section 2."

Page 1, line 21, delete everything after the period

Page 1, delete lines 22 and 23

Page 1, line 25, delete "1" and insert "2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 352.01, subdivision 2B; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. Nos. 1375, 1393 and 1495 were read for the second time.

**SECOND READING OF SENATE BILLS**

S. F. Nos. 793, 1015, 89, 157, 324, 365, 406 and 420 were read for the second time.

**INTRODUCTION AND FIRST READING  
OF HOUSE BILLS**

The following House Files were introduced:

McEachern introduced:

H. F. No. 1613, A bill for an act relating to education; prohibiting the use of more than a limited number of days during the school year for noninstructional purposes; amending Minnesota Statutes 1986, section 120.10, subdivision 2.

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

Carlson, D., introduced:

H. F. No. 1614, A bill for an act relating to fish; designating muskellunge lakes; amending Minnesota Statutes 1986, section 97C.011.

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

Lasley introduced:

H. F. No. 1615, A bill for an act relating to taxation; restricting the motor vehicle excise tax exemption for vehicles purchased for resale; amending Minnesota Statutes 1986, sections 168.27, subdivision 16; and 297B.035, subdivision 1.

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

Bertram, Bauerly and Welle introduced:

H. F. No. 1616, A bill for an act relating to taxation; requiring a refund of certain taxes paid on property located in Stearns county.

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

DeBlicek and Steensma introduced:

H. F. No. 1617, A bill for an act relating to state land; providing for the transfer of a parcel.

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

DeBlicek, Kostohryz, Beard, Orenstein and Milbert introduced:

H. F. No. 1618, A bill for an act relating to retirement; granting military service credit to certain state employees; proposing coding for new law in Minnesota Statutes, chapter 352.

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

Bertram; Bauerly; Kludt; Nelson, C., and Cooper introduced:

H. F. No. 1619, A bill for an act relating to crimes; defining the crime of using police radios while committing a criminal act; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Wenzel and Brown introduced:

H. F. No. 1620, A bill for an act relating to agriculture; authorizing and requiring a license to use the Minnesota grown label; assessing license fees; providing penalties; amending Minnesota Statutes 1986, section 17.102.

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

McLaughlin introduced:

H. F. No. 1621, A bill for an act relating to unemployment compensation; appropriating federal money received for unemployment compensation administration.

The bill was read for the first time and 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. 505, A bill for an act relating to state lands; authorizing conveyance of certain state easement.

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. 567, A resolution memorializing the President and Congress to give states more authority to regulate interstate pipelines and to improve federal regulation of pipelines.

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. 469, A bill for an act relating to food licenses; regulating certain vending machine inspection fees; amending Minnesota Statutes 1986, section 28A.09, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

McEachern moved that the House concur in the Senate amendments to H. F. No. 469 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 469, A bill for an act relating to food licenses; regulating certain vending machine inspection fees; amending Minnesota Statutes 1986, section 28A.09, 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 114 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Larsen	Orenstein	Seaberg
Anderson, R.	Gutknecht	Lasley	Otis	Segal
Bauerly	Hartle	Lieder	Ozment	Simoneau
Beard	Haukoos	Long	Pappas	Sparby
Bennett	Heap	McDonald	Pauly	Stanius
Bertram	Himle	McEachern	Pelowski	Steensma
Bishop	Hugoson	McKasy	Peterson	Sviggum
Blatz	Jaros	McLaughlin	Poppenhagen	Swenson
Brown	Jefferson	McPherson	Price	Thiede
Burger	Jensen	Milbert	Quinn	Tjornhom
Carlson, D.	Johnson, A.	Miller	Redalen	Tompkins
Carlson, L.	Johnson, R.	Minne	Reding	Trimble
Carruthers	Johnson, V.	Munger	Rest	Tunheim
Clark	Kahn	Nelson, C.	Rice	Uphus
Clausnitzer	Kalis	Nelson, D.	Richter	Valento
Cooper	Kelly	Nelson, K.	Riveness	Vanasek
Dauner	Kelso	Neuenschwander	Rodosovich	Voss
DeBlick	Kinkel	O'Connor	Rose	Waltman
Dorn	Kludt	Ogren	Rukavina	Welle
Forsythe	Knickerbocker	Olsen, S.	Sarna	Wenzel
Frederick	Knuth	Olson, E.	Scheid	Winter
Frerichs	Kostohryz	Olson, K.	Schoenfeld	Spk. Norton
Greenfield	Krueger	Onnen	Schreiber	

Those who voted in the negative were:

Omann

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. 554, A bill for an act relating to natural resources; changing certain provisions relating to state park motor vehicle

permits; amending Minnesota Statutes 1986, section 85.05, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rukavina moved that the House refuse to concur in the Senate amendments to H. F. No. 554, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 341.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 341, A bill for an act relating to insurance; regulating unfair settlement practices of automobile insurers; requiring repairs with original equipment parts; providing an exception; regulating insurance appraisals; revising the truth-in-repairs act to require disclosure of whether new parts are original equipment parts; amending Minnesota Statutes 1986, sections 72A.20, subdivision 12a; 72B.091, subdivision 2; 325F.56, subdivision 8; and 325F.60, subdivision 1.

The bill was read for the first time.

Skoglund moved that S. F. No. 341 and H. F. No. 454, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders for today, Wednesday, April 22, 1987:

H. F. Nos. 706, 638, 490, 830 and 1147; S. F. No. 1015; H. F. Nos. 1266, 1355, 1362, 142, 228, 464, 521, 654, 909, 1113, 969, 1041, 990 and 1015.

REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders for Thursday, April 23, 1987:

S. F. No. 793; H. F. Nos. 85, 466, 487, 949 and 945; S. F. No. 94; H. F. Nos. 242, 454 and 291.

CONSENT CALENDAR

H. F. No. 1187 was reported to the House.

Jefferson moved that H. F. No. 1187 be re-referred to the Committee on Governmental Operations. The motion prevailed.

S. F. No. 136, A bill for an act relating to transportation; school bus safety; providing for amber proceed-with-caution signal for driver-activated student control warning systems; amending Minnesota Statutes 1986, section 169.44, subdivision 1d.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Burger	Forsythe	Jacobs	Kelso
Anderson, R.	Carlson, D.	Frederick	Jaros	Kinkel
Battaglia	Carlson, L.	Frerichs	Jefferson	Kludt
Bauerly	Carruthers	Greenfield	Jennings	Knickerbocker
Beard	Clark	Gruenes	Jensen	Knuth
Begich	Clausnitzer	Gutknecht	Johnson, A.	Kostohryz
Bennett	Cooper	Hartle	Johnson, R.	Krueger
Bertram	Dauner	Haukoos	Johnson, V.	Larsen
Bishop	DeBlieck	Heap	Kahn	Lasley
Blatz	Dempsey	Himle	Kalis	Lieder
Brown	Dorn	Hugoson	Kelly	Long

Marsh	Neuenschwander	Peterson	Scheid	Trimble
McDonald	O'Connor	Poppenhagen	Schoenfeld	Tunheim
McEachern	Ogren	Price	Schreiber	Uphus
McKasy	Olsen, S.	Quinn	Seaberg	Valento
McLaughlin	Olson, E.	Redalen	Segal	Vanasek
McPherson	Olson, K.	Reding	Simoneau	Vellenga
Milbert	Omann	Rest	Skoglund	Voss
Miller	Onnen	Rice	Sparby	Wagenius
Minne	Orenstein	Richter	Stanius	Waltman
Morrison	Osthoff	Riveness	Steensma	Welle
Munger	Otis	Rodosovich	Sviggum	Wenzel
Murphy	Ozment	Rose	Swenson	Winter
Nelson, C.	Pappas	Rukavina	Thiede	Wynia
Nelson, D.	Pauly	Sarna	Tjornhom	Spk. Norton
Nelson, K.	Pelowski	Schafer	Tompkins	

The bill was passed and its title agreed to.

S. F. No. 725, A bill for an act relating to local government; removing limitations on tax adjustments related to annexations; amending Minnesota Statutes 1986, section 414.035.

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 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Haukoos	Lieder	Otis	Segal
Battaglia	Heap	Long	Ozment	Simoneau
Beard	Himle	Marsh	Pappas	Skoglund
Begich	Hugoson	McDonald	Pauly	Sparby
Bennett	Jacobs	McEachern	Pelowski	Stanius
Bishop	Jaros	McKasy	Peterson	Steensma
Blatz	Jefferson	McLaughlin	Poppenhagen	Sviggum
Burger	Jennings	McPherson	Price	Swenson
Carlson, D.	Jensen	Milbert	Quinn	Tjornhom
Carlson, L.	Johnson, A.	Miller	Redalen	Tompkins
Carruthers	Johnson, R.	Morrison	Reding	Trimble
Clark	Johnson, V.	Munger	Rest	Tunheim
Clausnitzer	Kahn	Murphy	Rice	Valento
Cooper	Kalis	Nelson, C.	Richter	Vanasek
Dauner	Kelly	Nelson, D.	Riveness	Vellenga
DeBleck	Kelso	Nelson, K.	Rodosovich	Voss
Dempsey	Kinkel	Neuenschwander	Rose	Wagenius
Dorn	Kludt	O'Connor	Rukavina	Waltman
Forsythe	Knickerbocker	Ogren	Sarna	Welle
Frederick	Knuth	Olsen, S.	Schafer	Wenzel
Frerichs	Kostohryz	Olson, K.	Scheid	Winter
Greenfield	Krueger	Onnen	Schoenfeld	Wynia
Gutknecht	Larsen	Orenstein	Schreiber	Spk. Norton
Hartle	Lasley	Osthoff	Seaberg	

Those who voted in the negative were:

Bauerly	Brown	Omann	Uphus
Bertram	Gruenes	Thiede	



The bill was passed and its title agreed to.

S. F. No. 1067, A bill for an act relating to local government; providing for the discharge of charter commissions; amending Minnesota Statutes 1986, section 410.05, 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 126 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Larsen	Onnen	Segal
Anderson, R.	Gutknecht	Lasley	Orenstein	Simoneau
Battaglia	Hartle	Lieder	Osthoff	Skoglund
Beard	Haukoos	Long	Otis	Solberg
Begich	Heap	Marsh	Ozment	Sparby
Bennett	Himle	McDonald	Pappas	Stanius
Bertram	Hugoson	McKasy	Pauly	Steensma
Bishop	Jacobs	McLaughlin	Pelowski	Sviggum
Blatz	Jaros	McPherson	Peterson	Swenson
Brown	Jefferson	Milbert	Poppenhagen	Thiede
Burger	Jennings	Miller	Price	Tjornhom
Carlson, D.	Jensen	Minne	Quinn	Tompkins
Carlson, L.	Johnson, A.	Morrison	Redalen	Trimble
Carruthers	Johnson, R.	Munger	Reding	Tunheim
Clark	Johnson, V.	Murphy	Rest	Uphus
Clausnitzer	Kahn	Nelson, C.	Rice	Valento
Cooper	Kalis	Nelson, D.	Richter	Vanasek
DeBlick	Kelly	Nelson, K.	Riveness	Vellenga
Dempsey	Kelso	Neuenschwander	Rodosovich	Voss
Dille	Kinkel	O'Connor	Rose	Wagenius
Dorn	Kludt	Ogren	Schafer	Waltman
Forsythe	Knickerbocker	Olsen, S.	Scheid	Welle
Frederick	Knuth	Olson, E.	Schoenfeld	Wenzel
Frerichs	Kostohryz	Olson, K.	Schreiber	Winter
Greenfield	Krueger	Omann	Seaberg	Wynia
				Spk. Norton

Those who voted in the negative were:

Bauerly      McEachern      Sarna

The bill was passed and its title agreed to.

### CALENDAR

H. F. No. 999 was reported to the House.

Kelso moved that H. F. No. 999 be continued on the Calendar for one day. The motion prevailed.

H. F. No. 1141, A bill for an act relating to the city of Champlin; permitting the city to use unexpended public improvement funds for a low-income special assessment grant program.

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 104 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Larsen	Olson, K.	Segal
Anderson, R.	Gutknecht	Lasley	Omann	Simoneau
Battaglia	Hartle	Lieder	Orenstein	Skoglund
Bauerly	Heap	Long	Osthoff	Solberg
Beard	Hugoson	Marsh	Otis	Sparby
Begich	Jacobs	McEachern	Ozment	Stanisus
Bennett	Jaros	McKasy	Pappas	Steensma
Boo	Jefferson	McLaughlin	Pelowski	Swenson
Brown	Jennings	McPherson	Peterson	Tompkins
Burger	Jensen	Milbert	Price	Trimble
Carlson, L.	Johnson, A.	Minne	Quinn	Tunheim
Carruthers	Johnson, R.	Munger	Redalen	Uphus
Clark	Kahn	Murphy	Reding	Vanasek
Cooper	Kalis	Nelson, C.	Rest	Vellenga
Dauner	Kelly	Nelson, D.	Rice	Wagenius
DeBlieck	Kelso	Nelson, K.	Rodosovich	Welle
Dempsey	Kinkel	Neuenschwander	Rose	Wenzel
Dille	Kludt	O'Connor	Rukavina	Winter
Dorn	Knuth	Ogren	Sarna	Wynia
Forsythe	Kostohryz	Olsen, S.	Scheid	Spk. Norton
Greenfield	Krueger	Olson, E.	Schoenfeld	

Those who voted in the negative were:

Bishop	Haukoos	Morrison	Schafer	Tjornhom
Blatz	Himle	Onnen	Schreiber	Waltman
Clausnitzer	Knickerbocker	Pauly	Seaberg	
Frederick	McDonald	Poppenhagen	Sviggum	
Frerichs	Miller	Richter	Thiede	

The bill was passed and its title agreed to.

H. F. No. 846 was reported to the House and given its third reading.

Wynia moved that H. F. No. 846 be returned to General Orders.

A roll call was requested and properly seconded.

The question was taken on the Wynia motion and the roll was called. There were 35 yeas and 95 nays as follows:

Those who voted in the affirmative were:

Carlson, L.	Jefferson	Krueger	Morrison	Olson, K.
Carruthers	Johnson, A.	Larsen	Murphy	Orenstein
Clark	Kahn	Long	Nelson, K.	Osthoff
Forsythe	Knuth	McLaughlin	O'Connor	Pappas
Greenfield	Kostohryz	Minne	Olsen, S.	Pauly

Price	Scheid	Simoneau	Sparby	Wagenius
Rest	Segal	Skoglund	Vellenga	Wynia

Those who voted in the negative were:

Anderson, R.	Dorn	Kludt	Ozment	Solberg
Battaglia	Frederick	Knickerbocker	Pelowski	Stanius
Bauerly	Frerichs	Lasley	Peterson	Steensma
Beard	Gruenes	Lieder	Poppenhagen	Sviggum
Begich	Gutknecht	Marsh	Quinn	Swenson
Bennett	Hartle	McDonald	Quist	Thiede
Bertram	Haukoos	McEachern	Redalen	Tjornhom
Bishop	Heap	McKasy	Reding	Tompkins
Blatz	Himle	McPherson	Richter	Trimble
Boo	Hugoson	Milbert	Riveness	Tunheim
Brown	Jacobs	Miller	Rodosovich	Uphus
Burger	Jaros	Munger	Rose	Valento
Carlson, D.	Jennings	Nelson, C.	Rukavina	Vanasek
Clausnitzer	Jensen	Nelson, D.	Sarna	Voss
Cooper	Johnson, R.	Neuenschwander	Schafer	Waltman
Dauner	Johnson, V.	Ogren	Schoenfeld	Welle
DeBlicek	Kalis	Olson, E.	Schreiber	Wenzel
Dempsey	Kelly	Omann	Seaberg	Winter
Dille	Kinkel	Onnen	Shaver	Spk. Norton

The motion did not prevail.

H. F. No. 846, A bill for an act relating to education; providing options for swimming classes in public schools; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 64 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	DeBlicek	Johnson, R.	Onnen	Sviggum
Battaglia	Dempsey	Johnson, V.	Ozment	Swenson
Bauerly	Dille	Kalis	Poppenhagen	Thiede
Beard	Dorn	Kinkel	Quist	Tjornhom
Begich	Frederick	Marsh	Redalen	Tompkins
Bennett	Frerichs	McDonald	Richter	Tunheim
Bertram	Gruenes	McEachern	Sarna	Uphus
Boo	Gutknecht	McKasy	Schafer	Valento
Brown	Hartle	McPherson	Schoenfeld	Vanasek
Burger	Heap	Minne	Seaberg	Waltman
Carlson, D.	Hugoson	Nelson, D.	Solberg	Wenzel
Clausnitzer	Jacobs	Ogren	Stanius	Winter
Dauner	Jensen	Omann	Steensma	

Those who voted in the negative were:

Anderson, G.	Cooper	Jefferson	Knickerbocker	Lieder
Bishop	Forsythe	Johnson, A.	Knuth	Long
Blatz	Greenfield	Kahn	Kostohryz	McLaughlin
Carlson, L.	Haukoos	Kelly	Krueger	Milbert
Carruthers	Himle	Kelso	Larsen	Morrison
Clark	Jaros	Kludt	Lasley	Murphy

Nelson, C.	Osthoff	Reding	Schreiber	Voss
Nelson, K.	Otis	Rest	Segal	Wagenius
Neuenschwander	Pappas	Rice	Shaver	Welle
O'Connor	Pauly	Riveness	Simoneau	Wynia
Olsen, S.	Pelowski	Rodosovich	Skoglund	Spk. Norton
Olson, E.	Peterson	Rose	Sparby	
Olson, K.	Price	Rukavina	Trimble	
Orenstein	Quinn	Scheid	Vellenga	

The bill was not passed.

### SPECIAL ORDERS

The Speaker called Long to the Chair.

H. F. No. 706, A bill for an act relating to juveniles; clarifying certain recent changes to the juvenile court act; clarifying the hearing and records procedures of the juvenile court; providing for the enforcement of juvenile court restitution orders; permitting administrative docketing of certain unpaid county reimbursements; clarifying certain crime victim notification and protection laws; amending Minnesota Statutes 1986, sections 260.155, subdivisions 1 and 1a; 260.156; 260.161; 260.185, by adding a subdivision; 548.091, subdivision 1; 595.02, subdivision 4; 609.115, subdivision 1; 609.3471; 611A.031; and 611A.035; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1986, sections 609.115, subdivisions 1b and 1c; and 636.08.

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. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlieck	Johnson, A.	McLaughlin	Osthoff
Anderson, R.	Dempsey	Johnson, V.	McPherson	Otis
Battaglia	Dille	Kahn	Milbert	Ozment
Bauerly	Dorn	Kalis	Miller	Pappas
Beard	Forsythe	Kelly	Minne	Pauly
Begich	Frederick	Kelso	Morrison	Pelowski
Bennett	Frerichs	Kludt	Munger	Peterson
Bertram	Greenfield	Knickerbocker	Murphy	Poppenhagen
Bishop	Gruenes	Knuth	Nelson, C.	Price
Blatz	Gutknecht	Kostohryz	Nelson, D.	Quinn
Boo	Hartle	Krueger	Nelson, K.	Quist
Burger	Haukoos	Larsen	Neuenschwander	Redalen
Carlson, D.	Heap	Lasley	O'Connor	Reding
Carlson, L.	Hugoson	Lieder	Ogren	Rest
Carruthers	Jacobs	Long	Olsen, S.	Rice
Clark	Jaros	Marsh	Olson, E.	Richter
Clausnitzer	Jefferson	McDonald	Omann	Riveness
Cooper	Jennings	McEachern	Onnen	Rodosovich
Dauner	Jensen	McKasy	Orenstein	Rose

Rukavina	Shaver	Sviggum	Uphus	Welle
Sarna	Simoneau	Swenson	Valento	Wenzel
Schafer	Skoglund	Thiede	Vanasek	Winter
Scheid	Solberg	Tjornhom	Vellenga	Wynia
Schoenfeld	Sparby	Tompkins	Voss	Spk. Norton
Schreiber	Stanius	Trimble	Wagenius	
Segal	Steensma	Tunheim	Waltman	

The bill was passed and its title agreed to.

H. F. No. 638, A bill for an act relating to elections; requiring election judges to inform voters of certain laws; providing for selection of a party in certain primary elections; amending Minnesota Statutes 1986, sections 204C.13, subdivision 2; and 206.80.

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.	Frederick	Larsen	Orenstein	Schreiber
Anderson, R.	Frerichs	Lasley	Osthoff	Segal
Battaglia	Greenfield	Lieder	Otis	Shaver
Bauerly	Gruenes	Long	Ozment	Simoneau
Beard	Hartle	Marsh	Pappas	Skoglund
Begich	Haukoos	McEachern	Pauly	Solberg
Bennett	Heap	McKasy	Pelowski	Sparby
Bertram	Himle	McLaughlin	Peterson	Stanius
Bishop	Hugoson	McPherson	Poppenhagen	Steensma
Blatz	Jacobs	Milbert	Price	Sviggum
Boo	Jaros	Miller	Quinn	Swenson
Brown	Jefferson	Minne	Quist	Thiede
Burger	Jensen	Morrison	Redalen	Tjornhom
Carlson, D.	Johnson, A.	Munger	Reding	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rest	Uphus
Carruthers	Johnson, V.	Nelson, C.	Rice	Valento
Clark	Kalis	Nelson, D.	Richter	Vanasek
Clausnitzer	Kelly	Nelson, K.	Riveness	Vellenga
Cooper	Kelso	Neuenschwander	Rodosovich	Voss
Dauner	Kinkel	O'Connor	Rose	Wagenius
DeBlieck	Kludt	Ogren	Rukavina	Waltman
Dempsey	Knickerbocker	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Olson, E.	Schafer	Winter
Dorn	Kostohryz	Omann	Scheid	Wynia
Forsythe	Krueger	Onnen	Schoenfeld	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 490 was reported to the House.

McLaughlin moved to amend H. F. No. 490, the first engrossment, as follows:

Page 5, line 10, after the period, insert "The school board shall take action on this act by July 1, 1987."

The motion prevailed and the amendment was adopted.

H. F. No. 490, A bill for an act relating to elections; increasing the size of the board of education of special school district No. 1 of the city of Minneapolis to nine members providing for six members to be elected by districts; requiring compliance with certain campaign disclosure provisions; amending Minnesota Statutes 1986, sections 383B.041; 383B.042, subdivisions 5 and 9; 383B.053, subdivision 1; and 383B.058; and Laws 1959, chapter 462, section 3, subdivision 1, as amended and renumbered.

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 82 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Battaglia	Jacobs	Marsh	Peterson	Sparby
Beard	Jaros	McEachern	Price	Stanius
Begich	Jennings	McKasy	Quinn	Steensma
Bennett	Jensen	McLaughlin	Reding	Swenson
Bertram	Johnson, A.	Milbert	Rest	Trimble
Bishop	Johnson, R.	Minne	Riveness	Tunheim
Brown	Kahn	Murphy	Rose	Vanasek
Carlson, D.	Kalis	Nelson, C.	Rukavina	Vellenga
Clark	Kelly	O'Connor	Sarna	Voss
Clausnitzer	Kelso	Ogren	Scheid	Wagenius
Cooper	Kinkel	Olson, E.	Schoenfeld	Welle
Dauner	Kludt	Olson, K.	Seaberg	Wenzel
DeBlick	Knuth	Orenstein	Segal	Winter
Dille	Krueger	Osthoff	Shaver	Wynia
Gutknecht	Larsen	Otis	Simoneau	
Hartle	Lasley	Pappas	Skoglund	
Heap	Long	Pelowski	Solberg	

Those who voted in the negative were:

Bauerly	Gruenes	McDonald	Poppenhagen	Tjornhom
Blatz	Haukoos	McPherson	Quist	Tompkins
Burger	Himle	Miller	Redalen	Uphus
Carlson, L.	Hugoson	Morrison	Rice	Valento
Carruthers	Jefferson	Nelson, K.	Richter	Waltman
Dempsey	Johnson, V.	Olsen, S.	Schafer	
Frederick	Knickerbocker	Omann	Schreiber	
Frerichs	Kostohryz	Onnen	Sviggum	
Greenfield	Lieder	Pauly	Thiede	

The bill was passed, as amended, and its title agreed to.

H. F. No. 830, A bill for an act relating to state energy contracts; imposing additional requirements on bidders for state energy efficiency installment purchase contracts; amending Minnesota Statutes 1986, section 16B.16, 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 116 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Himle	McEachern	Pappas	Stanius
Anderson, R.	Hugoson	McKasy	Pauly	Steensma
Battaglia	Jacobs	McLaughlin	Pelowski	Sviggum
Bauerly	Jefferson	McPherson	Peterson	Swenson
Beard	Jennings	Milbert	Price	Tjornhom
Begich	Jensen	Miller	Quinn	Tompkins
Bennett	Johnson, R.	Minne	Quist	Trimble
Bertram	Johnson, V.	Morrison	Redalen	Tunheim
Blatz	Kahn	Munger	Reding	Uphus
Brown	Kalis	Murphy	Rest	Valento
Burger	Kelly	Nelson, C.	Rice	Vanasek
Carlson, D.	Kelso	Nelson, D.	Riveness	Vellenga
Carlson, L.	Kinkel	Nelson, K.	Rodosovich	Voss
Clark	Kludt	Neuenschwander	Rose	Wagenius
Clausnitzer	Knickerbocker	O'Connor	Rukavina	Waltman
Cooper	Knuth	Ogren	Sarna	Welle
Dauner	Kostobryz	Olsen, S.	Schafer	Wenzel
DeBlicke	Krueger	Olsen, E.	Scheid	Winter
Dempsey	Larsen	Olsen, K.	Schoenfeld	Wynia
Dille	Lasley	Omann	Schreiber	Spk. Norton
Dorn	Lieder	Onnen	Shaver	
Hartle	Long	Orenstein	Skoglund	
Haukoos	Marsh	Otis	Solberg	
Heap	McDonald	Ozment	Sparby	

Those who voted in the negative were:

Frederick	Gruenes	Poppenhagen	Thiede
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The bill was passed and its title agreed to.

H. F. No. 1147 was reported to the House.

Johnson, R., moved to amend H. F. No. 1147, the first engrossment, as follows:

Page 3, line 23, after "board" insert "or their designee"

Page 3, line 24, after "colleges" insert "or their designee"

Page 4, lines 6 and 25, after "board" insert "or their designee"

Page 4, lines 8 and 27, after "colleges" insert "or their designee"

The motion prevailed and the amendment was adopted.

Solberg, Gruenes, Bauerly and Boo moved to amend H. F. No. 1147, the first engrossment, as amended, as follows:

Page 5, after line 19, insert:

"Section 3. Minnesota Statutes 1986, section 179A.03, subdivision 19, is amended to read:

Subd. 19. [TERMS AND CONDITIONS OF EMPLOYMENT.] "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits, except retirement contributions or benefits of a public pension fund described in section 356.20, subdivision 2, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07.

Sec. 4. Minnesota Statutes 1986, section 465.72, subdivision 2, is amended to read:

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, if the payments are made to a person who has at least ten years of allowable service with the employer who is making the severance payments. Allowable service for purposes of this subdivision has the same definition of allowable service credit as the public pension plan providing retirement coverage to the employee while employed by the employer 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 Laws 1986, chapter 455 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 Laws 1986, chapter 455. After the effective date of Laws 1986, chapter 455, 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 Laws 1986, chapter 455 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 Laws 1986, chapter 455, whichever is earlier. Any payments by governmental subdivisions in accordance



with this subdivision before the effective date of Laws 1986, chapter 455 are validated.”

Page 5, line 20, delete “3” and insert “5”

Amend the title as follows:

Page 1, line 2, delete “retirement” and insert “public employment”

Page 1, line 5, after the semicolon insert “defining terms and conditions of public employment; allowing expanded payment of certain accumulated sick leave;”

Page 1, line 6, delete “and”; after “136.82, subdivision 1” insert “; 179A.03, subdivision 19; and 465.72, subdivision 2”

The motion prevailed and the amendment was adopted.

H. F. No. 1147, A bill for an act relating to public employment; state university and community college supplemental retirement plan; reducing the age for the redemption of investment shares; investment options; defining terms and conditions of public employment; allowing expanded payment of certain accumulated sick leave; amending Minnesota Statutes 1986, sections 136.81, subdivision 3; 136.82, subdivision 1; 179A.03, subdivision 19; and 465.72, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dauner	Jensen	Long	Ogren
Anderson, R.	DeBlieck	Johnson, A.	Marsh	Olsen, S.
Battaglia	Dempsey	Johnson, R.	McDonald	Olsen, E.
Bauerly	Dille	Johnson, V.	McEachern	Olson, K.
Beard	Dorn	Kahn	McKasy	Omamm
Begich	Forsythe	Kalis	McLaughlin	Onnen
Bennett	Frederick	Kelly	McPherson	Orenstein
Bertram	Greenfield	Kelso	Miller	Osthoff
Blatz	Gruenes	Kinkel	Minne	Otis
Brown	Gutknecht	Kludt	Morrison	Ozment
Burger	Hartle	Knickerbocker	Munger	Pappas
Carlson, D.	Haukoos	Knuth	Murphy	Pauly
Carlson, L.	Heap	Kostohryz	Nelson, C.	Pelowski
Carruthers	Hugoson	Krueger	Nelson, D.	Peterson
Clark	Jaros	Larsen	Nelson, K.	Poppenhagen
Clausnitzer	Jefferson	Lasley	Neuenschwander	Price
Cooper	Jennings	Lieder	O'Connor	Quinn

Quist	Sarna	Skoglund	Tompkins	Waltman
Reding	Schafer	Solberg	Trimble	Welle
Rest	Scheid	Sparby	Tunheim	Wenzel
Rice	Schoenfeld	Stanius	Uphus	Winter
Richter	Schreiber	Steensma	Valento	Wynia
Riveness	Seaberg	Sviggum	Vanasek	Spk. Norton
Rodosovich	Segal	Swenson	Vellenga	
Rose	Shaver	Thiede	Voss	
Rukavina	Simoneau	Tjornhom	Wagenius	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1266, A bill for an act relating to Hennepin county; providing bonding authority for library construction and betterment; amending Minnesota Statutes 1986, section 383B.245.

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.	Gutknecht	McDonald	Pappas	Solberg
Anderson, R.	Hartle	McEachern	Pauly	Sparby
Battaglia	Haukoos	McKasy	Pelowski	Stanius
Bauerly	Heap	McLaughlin	Peterson	Steensma
Beard	Hugoson	McPherson	Poppenhagen	Sviggum
Begich	Jaros	Milbert	Price	Swenson
Bennett	Jefferson	Miller	Quist	Thiede
Bertram	Jennings	Minne	Redalen	Tjornhom
Blatz	Jensen	Morrison	Reding	Tompkins
Brown	Johnson, R.	Munger	Rest	Trimble
Burger	Johnson, V.	Murphy	Rice	Tunheim
Carlson, D.	Kahn	Nelson, C.	Richter	Uphus
Carlson, L.	Kaljs	Nelson, D.	Riveness	Valento
Carruthers	Kelly	Nelson, K.	Rodosovich	Vanasek
Clark	Kelso	Neuenschwander	Rose	Vellenga
Clausnitzer	Kinkel	O'Connor	Rukavina	Voss
Cooper	Kludt	Ogren	Sarna	Wagenius
Dauner	Knickerbocker	Olsen, S.	Schafer	Waltman
DeBlicek	Knuth	Olson, E.	Scheid	Welle
Dempsey	Kostohryz	Olson, K.	Schoenfeld	Wenzel
Dille	Krueger	Omann	Schreiber	Winter
Dorn	Larsen	Onnen	Seaberg	Wynia
Forsythe	Lasley	Orenstein	Segal	Spk. Norton
Frederick	Lieder	Osthoff	Shaver	
Greenfield	Long	Otis	Simoneau	
Gruenes	Marsh	Ozment	Skoglund	

The bill was passed and its title agreed to.

H. F. No. 1355 was reported to the House.

Greenfield moved to amend H. F. No. 1355, the first engrossment, as follows:

Page 2, line 12, after the period insert "Notwithstanding any contrary provision of law or charter any member of the city council, or officer or employee of the city may be a member of the board of directors of any nonprofit corporation performing all or part of the activities necessary to carry out the purposes specified in this section."

The motion prevailed and the amendment was adopted.

H. F. No. 1355, A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to conventions and tourism activities; providing for the use of certain tax revenues; amending Laws 1986, chapter 396, section 4, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Shaver
Anderson, R.	Gutknecht	Long	Otis	Simoneau
Battaglia	Hartle	Marsh	Ozment	Skoglund
Bauerly	Haukoos	McDonald	Pappas	Solberg
Beard	Heap	McEachern	Pauly	Sparby
Begich	Himle	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Steensma
Bertram	Jacobs	McPherson	Poppenhagen	Sviggum
Blatz	Jaros	Milbert	Price	Swenson
Boo	Jefferson	Miller	Quinn	Thiede
Brown	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, R.	Munger	Reding	Trimble
Carlson, L.	Johnson, V.	Murphy	Rest	Tunheim
Carruthers	Kahn	Nelson, C.	Rice	Uphus
Clark	Kalis	Nelson, D.	Richter	Valento
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Vanasek
Cooper	Kelso	Neuenschwander	Rose	Vellenga
Dauner	Kinkel	O'Connor	Rukavina	Voss
DeBlick	Kludt	Ogren	Sarna	Wagenius
Dempsey	Knickerbocker	Olsen, S.	Schafer	Waltman
Dille	Knuth	Olson, E.	Scheid	Welle
Dorn	Kostohryz	Olson, K.	Schoenfeld	Wenzel
Forsythe	Krueger	Omann	Schreiber	Winter
Frederick	Larsen	Onnen	Seaberg	Wynia
Greenfield	Lasley	Orenstein	Segal	Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 1362 was reported to the House.

McLaughlin and Jacobs moved to amend H. F. No. 1362, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [ADJUSTMENT TO UTILITY REVENUE REQUIREMENT DUE TO TAX REFORM ACT.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) “Commission” means the public utilities commission.

(c) “Expedited proceeding” means a proceeding before the commission where the commission provides a public utility or telephone company 20 days to file its proposed tariffs and supporting statements of fact, provides other interested persons 20 days to file written statements of fact in argument in response to the proposed tariffs, provides ten days to reply, either in writing or orally or both, and makes a final decision within 30 days after all replies are received based on the record. All pleadings in an expedited proceeding must be verified and oral statements of fact must be made under oath or affirmation. An expedited proceeding is exempt from sections 14.40 to 14.62.

(d) “Public utility” has the meaning given it in Minnesota Statutes, section 216B.02, subdivision 4.

(e) “Tax Reform Act” means the Tax Reform Act of 1986, Public Law Number 99-514.

(f) “Telephone company” has the meaning given it in Minnesota Statutes, section 237.01, subdivision 2.

Subd. 2. [RATE ADJUSTMENT.] Notwithstanding chapters 216, 216B, and 237, the commission may order a public utility or a telephone company, after notice and an expedited proceeding, to adjust the rates charged for its services solely on the basis of the Tax Reform Act's impact on its revenue requirements.

Subd. 3. [INTERIM RATES; REFUND.] A rate of a public utility or telephone company in effect on July 1, 1987, that has not been adjusted in a general rate case, under this section, or by any other commission order to reflect the impact of the Tax Reform Act is an interim rate and is subject to a refund under Minnesota Statutes, sections 216B.16, subdivision 3; and 237.075, subdivision 3, to reflect adjustments due to the Tax Reform Act.

Subd. 4. [OPTION.] A public utility or a telephone company may elect to adjust its rates under a general rate case under Minnesota Statutes, sections 216B.16 or 237.075 to reflect adjustments in addition to the impact of the Tax Reform Act.

Subd. 5. [REPEALER.] This section is repealed effective July 1, 1988.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 5, delete “; providing for repeal”

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the McLaughlin and Jacobs amendment and the roll was called. There were 33 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Carruthers	Larsen	Orenstein	Riveness	Voss
Clark	McLaughlin	Osthoff	Rukavina	Wagenius
Greenfield	Milbert	Otis	Sarna	Winter
Jaros	Minne	Pappas	Simoneau	Wynia
Jefferson	Murphy	Price	Skoglund	Spk. Norton
Kahn	Nelson, C.	Quinn	Trimble	
Kelly	O'Connor	Rice	Vanasek	

Those who voted in the negative were:

Anderson, G.	Dorn	Kludt	Omann	Solberg
Battaglia	Forsythe	Knickerbocker	Onnen	Sparby
Bauerly	Frederick	Knuth	Ozment	Stanius
Beard	Frerichs	Krueger	Pauly	Steensma
Begich	Gruenes	Lasley	Pelowski	Sviggum
Bennett	Gutknecht	Lieder	Peterson	Swenson
Bertram	Hartle	Marsh	Poppenhagen	Thiede
Boo	Haukoos	McDonald	Quist	Tjornhom
Brown	Heap	McKasy	Redalen	Tompkins
Burger	Hugoson	McPherson	Richter	Tunheim
Carlson, D.	Jacobs	Miller	Rodosovich	Uphus
Carlson, L.	Jennings	Morrison	Rose	Valento
Clausnitzer	Jensen	Nelson, D.	Schafer	Waltman
Cooper	Johnson, R.	Neuenschwander	Scheid	Welle
Dauner	Johnson, V.	Ogren	Schoenfeld	Wenzel
DeBlicck	Kalis	Olsen, S.	Schreiber	
Dempsey	Kelso	Olson, E.	Seaberg	
Dille	Kinkel	Olson, K.	Shaver	

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

McLaughlin moved that H. F. No. 1362 be returned to General Orders. The motion prevailed.

Vanasek 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.

Vanasek moved that the remaining bills on Special Orders for today be continued one day and follow the Special Orders designated for Thursday, April 23, 1987. The motion prevailed.

#### GENERAL ORDERS

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

#### MOTIONS AND RESOLUTIONS

Rest moved that her name be stricken as an author on H. F. No. 373. The motion prevailed.

McLaughlin moved that the name of Skoglund be added as an author on H. F. No. 490. The motion prevailed.

Milbert moved that his name be stricken as an author on H. F. No. 981. The motion prevailed.

Solberg moved that the name of Johnson, V., be added as an author on H. F. No. 1328. The motion prevailed.

Quinn moved that H. F. No. 1460 be recalled from the Committee on General Legislation, Veterans Affairs and Gaming and be re-referred to the Committee on Governmental Operations. The motion prevailed.

#### ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 554:

Rukavina, Munger and Thiede.

## ADJOURNMENT

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Thursday, April 23, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION — 1987

## THIRTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 23, 1987

The House of Representatives convened at 2:00 p.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Pastor Willard Albertson, Community Church, Wayzata, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lasley	Osthoff	Shaver
Anderson, R.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Beard	Haukoos	McDonald	Pauly	Sparby
Begich	Heap	McEachern	Pelowski	Stanius
Bennett	Himle	McKasy	Peterson	Steensma
Bertram	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bishop	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quian	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Rukavina	Wagenius
DeBlieck	Kinkel	Ogren	Sarna	Waltman
Dempsey	Kludt	Olsen, S.	Schafer	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 1393, 1495, 1375, 490, 1147 and 1355 and S. F. Nos. 341, 89 and 420 have been placed in the members' files.

S. F. No. 341 and H. F. No. 454, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Skoglund moved that the rules be so far suspended that S. F. No. 341 be substituted for H. F. No. 454 and that the House File be indefinitely postponed. The motion prevailed.

## PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 20, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives  
The State of Minnesota

Dear Sir:

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

H. F. No. 134, relating to employment; requiring an employer to notify employees and job applicants of bankruptcy proceedings; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 181.

H. F. No. 312, relating to elections; changing what name may be used on ballots, nominating petitions, and affidavits of candidacy; repealing Minnesota Statutes 1986, section 204B.05.

H. F. No. 838, relating to St. Louis county; providing for a clerk in the unclassified civil service; amending Minnesota Statutes 1986, section 383C.035.

Sincerely,

RUDY PERPICH  
Governor

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

April 21, 1987

The Honorable Fred C. Norton  
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 1987 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>	<i>H.F.</i>	<i>Session Laws</i>	<i>Date Approved</i>	<i>Date Filed</i>
<i>No.</i>	<i>No.</i>	<i>Chapter No.</i>	<i>1987</i>	<i>1987</i>
457		37	April 20, 1987	April 21, 1987
	134	38	April 20, 1987	April 21, 1987
	312	39	April 20, 1987	April 21, 1987
	838	40	April 20, 1987	April 21, 1987

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

**REPORTS OF STANDING COMMITTEES**

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 88, A bill for an act relating to trusts; regulating investment of trust assets; prescribing the standard of care for trustees; allowing trustees to delegate duties and employ agents; amending Minnesota Statutes 1986, sections 501.125, subdivision 1;

and 501.66, subdivision 28; repealing Minnesota Statutes 1986, sections 501.125, subdivision 1a; and 501.66, subdivision 6a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, 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 invest in every kind of real or personal 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. 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, that a prudent person would invest in having in mind the preservation of the trust estate and the amount and regularity of the income derived. In considering an investment, a trustee shall exercise the care, skill, and judgment and care under the circumstances then prevailing, which persons that a person of ordinary prudence, discretion, and intelligence would exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds the person's own property; and shall consider the role that the investment plays within the trust's overall portfolio of assets. If the trustee has special greater skills or expertise than a person of ordinary prudence or if the trustee holds itself out as having special skills or expertise is named trustee by representing that the trustee has greater skills than a person of ordinary prudence, 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 determining the prudence of a particular investment are the following:

(1) the probable income of the trust as well as the probable safety of the capital of the trust;

(2) marketability of investments the composition of the portfolio of the trust with regard to diversification;

(3) the length of the term of investments of the trust;

(4) the duration of the trust;

(5) the liquidity needs and current return of the trust's portfolio relative to the anticipated cash requirements of the trust;

(6) requirements of the beneficiary or beneficiaries;

(7) other assets of the beneficiary or beneficiaries, known to the trustees, including earning capacity; and

(8) effect of investments in increasing or diminishing liability for taxes

(7) the relative interests of income and remainder beneficiaries; and

(8) the tax consequences.

(c) If a trustee is a national banking association or holds a certificate under section 48.37 or if a trustee retains or employs an investment advisor registered under the Investment Advisors Act of 1940, an investment which is otherwise prudent is not imprudent solely because it is in new, unproven, untried, or other enterprises with a potential for a significant growth or in a limited partnership or commingled fund investing in these enterprises.

Sec. 2. [501.155] [EMPLOYEES AND AGENTS OF TRUSTEE.]

Unless otherwise provided in the instrument, a 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 duties. The trustee may act without independent investigation upon their recommendations or, instead of acting personally, 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;

(2) the employment does not relieve the trustee of liability for the acts of a person that, if done by the trustee, would result in liability to the trustee; and

(3) the employment does not relieve the trustee of the duty to select and retain a person with reasonable care.

Sec. 3. Minnesota Statutes 1986, 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

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.

Sec. 4. Minnesota Statutes 1986, 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 personal 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.

Notwithstanding the provisions of subsections (i) to (iv), the augmented estate includes the proceeds of property described in clause (3) only to the extent provided in clause (3).

(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 and tier 1 railroad retirement benefits, 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.

(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 (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 attributable to premiums paid by the decedent during the marriage except that: (a) if an enforceable claim satisfied with proceeds of insurance on the decedent's life is not deducted in computing the augmented estate, the proceeds must not be included separately; (b) if the value of a business interest is included in the augmented estate, the proceeds of insurance on the decedent's life that are paid to the business or are applied in performance of a purchase agreement relating to the business interest must not be included separately; (c) if the decedent was required by a decree or order dissolving a prior marriage to pay premiums on insurance on the decedent's life for the benefit of specified persons, the proceeds of that insurance must not be included separately; and (d) in other similar cases the proceeds of insurance must not be included separately;~~

(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 and tier 1 railroad retirement benefits, 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 or contributions 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, and any amounts otherwise includable in the augmented estate are excluded if made with the written consent or joinder of the surviving spouse.

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 decedent'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. 5. [REPEALER.]

Minnesota Statutes 1986, sections 501.125, subdivision 1a, and 501.66, subdivision 6a, are repealed.

Sec. 6. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to probate; changing and clarifying certain powers of trustees; redefining "augmented estate" for certain purposes; amending Minnesota Statutes 1986, sections 501.125, subdivision 1; 501.66, subdivision 28; and 524.2-202; proposing coding for new law in Minnesota Statutes, chapter 501; repealing Minnesota Statutes 1986, sections 501.125, subdivision 1a; and 501.66, subdivision 6a."



With the recommendation that when so amended the bill pass.

The report was adopted.

Otis from the Committee on Economic Development and Housing to which was referred:

H. F. No. 196, A bill for an act relating to public safety; manufactured homes; requiring manufactured home park owners to provide underground shelter for residents during severe weather; amending Minnesota Statutes 1986, section 327.20, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 327.20, subdivision 1, is amended to read:

Subdivision 1. [RULES.] No domestic animals or house pets of occupants of manufactured home parks or recreational camping areas shall be allowed to run at large, or commit any nuisances within the limits of a manufactured home park or recreational camping area. Each manufactured home park or recreational camping area licensed under the provisions of sections 327.10, 327.11, 327.14 to 327.28 shall, among other things, provide for the following, in the manner hereinafter specified:

(1) A responsible attendant or caretaker shall be in charge of every manufactured home park or recreational camping area at all times, who shall maintain the park or area, and its facilities and equipment in a clean, orderly and sanitary condition. In any manufactured home park containing more than 50 lots, the attendant, caretaker, or other responsible park employee, shall be readily available at all times in case of emergency.

(2) All manufactured home parks shall be well drained and be located so that the drainage of the park area will not endanger any water supply. No waste water from manufactured homes or recreational camping vehicles shall be deposited on the surface of the ground. All sewage and other water carried wastes shall be discharged into a municipal sewage system whenever available. When a municipal sewage system is not available, a sewage disposal system acceptable to the state commissioner of health shall be provided.

(3) No manufactured home shall be located closer than three feet to the side lot lines of a manufactured home park, if the abutting property is improved property, or closer than ten feet to a public

street or alley. Each individual site shall abut or face on a driveway or clear unoccupied space of not less than 16 feet in width, which space shall have unobstructed access to a public highway or alley. There shall be an open space of at least ten feet between the sides of adjacent manufactured homes including their attachments and at least three feet between manufactured homes when parked end to end. The space between manufactured homes may be used for the parking of motor vehicles and other property, if the vehicle or other property is parked at least ten feet from the nearest adjacent manufactured home position. The requirements of this paragraph shall not apply to recreational camping areas and variances may be granted by the state commissioner of health in manufactured home parks when the variance is applied for in writing and in the opinion of the commissioner the variance will not endanger the health, safety and welfare of manufactured home park occupants.

(4) An adequate supply of water of safe, sanitary quality shall be furnished at each manufactured home park or recreational camping area. The source of the water supply shall first be approved by the state department of health. At least one water supply outlet shall be provided at convenient locations throughout the manufactured home park or recreational camping area.

(5) All plumbing shall be installed in accordance with the rules of the state commissioner of health and the provisions of the Minnesota plumbing code.

(6) In the case of a manufactured home park, a plan for the sheltering or the safe evacuation to a safe place of shelter of the residents of the park in times of severe weather conditions, such as tornadoes, high winds and floods. The shelter or evacuation plan shall be developed with the assistance and approval of the municipality where the park is located and shall be posted at conspicuous locations throughout the park. Nothing in this paragraph requires the department of health to review or approve any shelter or evacuation plan developed by a park. Failure of a municipality to approve a plan submitted by a park shall not be grounds for action against the park by the department of health if the park has made a good faith effort to develop the plan and obtain municipal approval.

## Sec. 2. [327.205] [SHELTER OR EVACUATION PLAN FOR MOBILE HOME PARKS.]

Subdivision 1. [OLDER PARKS.] Manufactured home parks licensed before August 31, 1988, shall provide a safe place of shelter for park residents or a plan for the evacuation of park residents to a safe place of shelter within a reasonable distance of the park for use by park residents in times of severe weather, including tornadoes and high winds. If a safe place of shelter is not available within a reasonable distance, the municipality in which the park is located

shall require the park to construct an approvable shelter by August 31, 1989.

Subd. 2. [NEWER PARKS.] Manufactured home parks receiving a primary license after August 31, 1988, shall be required by the municipality in which the park is located to provide the type of shelter required by subdivision 1 within a reasonable distance of the park.

Subd. 3. [STANDARDS AND RULES.] Municipalities shall adopt standards for the approval of evacuation plans. The department of administration shall, by August 31, 1988, adopt by rule standards for the construction of shelters for the protection of occupants from tornados and high winds. The department shall adopt permanent rules for this purpose. All structures constructed after August 31, 1988, shall be constructed in accordance with these standards.

Subd. 4. [MUNICIPAL APPROVAL.] The owner of a manufactured home park required to provide an evacuation plan or a safe place of shelter under this section shall submit the plan or shelter for approval to the municipality in which the park is located and the municipality shall approve the plan or shelter in writing if it meets the standards adopted by the municipality or the department of administration, as appropriate. Within 30 days of its approval, the municipality shall send a copy of the approval to the state department of health."

Amend the title as follows:

Page 1, line 4, delete "underground"

Page 1, line 6, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 327"

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 226, A bill for an act relating to towns; providing for powers of town boards and board members; providing for elections; providing conditions for ownership of town cemetery lots; amending Minnesota Statutes 1986, sections 365.10; 365.27; 365.37; 365.51; 367.03; 471.705, by adding a subdivision; and 471.96.

Reported the same back with the following amendments:

Page 3, line 23, delete "power" and insert "authority" and before the colon, insert "a specific activity that is within any of the following categories"

Page 3, line 31, delete the comma and insert a period

Page 3, line 32, before "by" insert "Authority under clause (17) may be exercised"

Page 5, line 22, strike "selecting town"

Page 5, line 23, strike "officers or of"

Page 5, after line 26, insert:

"Sec. 5. Minnesota Statutes 1986, section 366.01, is amended by adding a subdivision to read:

Subd. 11. [OPEN MEETING LAW; EXEMPTION.] Except for the notice requirements, section 471.705 does not apply to gathering of town board members to perform on-site inspections, if the town has no employees or other staff able to perform the inspections and the town board is acting essentially in a staff capacity.

Page 7, delete section 6 and insert:

"Sec. 7. Minnesota Statutes 1986, section 367.33, subdivision 1, is amended to read:

Subdivision 1. [ELECTION AT ANNUAL MEETING ELECTION OR SPECIAL ELECTION.] Following the adoption of option A in a town, except a town exercising the powers of a statutory city, the town board may call a special town election to be held not less than 30 days nor more than 60 days after the annual town meeting at which the option is adopted, for the purpose of electing two additional members to the board of supervisors. In lieu of calling a special election, the town board may determine to elect the additional two members of the town board at the next annual town meeting election. If the town is exercising the powers of a statutory city pursuant to section 368.01 or pursuant to a special law granting substantially similar powers, the town board shall call a special election to be held not less than 30 days nor more than 60 days after the annual meeting at which option A is adopted for the purpose of electing the two additional supervisors.

Sec. 8. Minnesota Statutes 1986, section 367.33, subdivision 4, is amended to read:

Subd. 4. [TERMS.] If the additional supervisors are elected at a special election, they shall serve only until the next annual town

meeting election, at which the additional members shall stand for election, one for a term of two years and one for a term of three years. The candidate receiving the highest number of votes shall be elected for the longer term. If the additional supervisors are elected at an annual meeting election, one shall serve for a term of two years and the other for a term of three years with the candidate receiving the highest number of votes being elected for the longer term.

Sec. 9. Minnesota Statutes 1986, section 367.33, subdivision 5, is amended to read:

Subd. 5. [ABANDONMENT OF OPTION A.] In a town in which option A is abandoned, the terms of incumbent supervisors shall not be affected, but if one or more supervisors are to be elected at the annual town election held on the same day as the annual town meeting at which the option is abandoned, the election of one supervisor, or two if there be more than one elected, shall be considered null. Otherwise the offices of the two incumbent supervisors expiring at the annual meeting town election or meetings elections next following the annual meeting at which the option is abandoned shall not be filled. Thereafter the town board shall be composed of three supervisors unless option A is again adopted in that town."

Page 7, after line 26, insert:

"Sec. 11. [REPEALER.]

Minnesota Statutes 1986, section 365.06, is repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after "365.51;" insert "366.01, by adding a subdivision;" and delete "471.705, by adding a" and insert "367.33, subdivisions 1, 4, and 5;"

Page 1, line 7, delete "subdivision;" and before the period insert " subdivision 1; repealing Minnesota Statutes 1986, section 365.06"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 268, A bill for an act relating to snowmobiles; authorizing certain operators possessing a motor vehicle operator's license to

cross a highway; amending Minnesota Statutes 1986, section 84.872.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 307, A bill for an act relating to crimes; authorizing filing of felony charges before the 14-day requirement when the crime charged is depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2 and 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 609.26, subdivision 2, is amended to read:

Subd. 2. [DEFENSES.] No person violates subdivision 1 if the action:

(1) is taken to protect the child from physical or sexual assault or substantial emotional harm;

(2) is taken to protect the person taking the action from physical or sexual assault;

(3) is consented to by the parent, stepparent, or legal custodian seeking prosecution; or

(4) is otherwise authorized by a court order issued prior to the violation of subdivision 1.

The defenses provided in this subdivision are in addition to and do not limit other defenses available under this chapter or chapter 611.

Consent to custody or specific visitation under clause (3) must not be construed to be consent to failing to return or concealing a minor child.

Sec. 2. Minnesota Statutes 1986, section 609.26, subdivision 5, is amended to read:

Subd. 5. [DISMISSAL OF CHARGE.] A felony charge brought under this section shall be dismissed if:

(a) the person voluntarily returns the child within 14 days after taking, detaining, or failing to return the child in violation of this section; or

(b)(1) the person taking the action and the child have not left the state of Minnesota; and (2) within a period of 14 days after taking the action, (i) a motion or proceeding under chapter 518, 518A, 518B, or 518C is commenced by the person taking the action, or (ii) the attorney representing the person taking the action has consented to service of process by the party whose rights are being deprived, for any motion or action pursuant to chapter 518, 518A, 518B, or 518C.

Clause (a) does not apply if the person returns the child as a result of being located by law enforcement authorities. This subdivision does not prohibit the filing of felony charges or an offense report before the expiration of the 14 days.

Sec. 3. Minnesota Statutes 1986, section 609.26, subdivision 6, is amended to read:

Subd. 6. [PENALTY.] Except as otherwise provided in subdivision 5, whoever violates this section is guilty of a felony and may be sentenced to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both."

Delete the title and insert:

"A bill for an act relating to crimes; authorizing filing of felony charges before the 14-day requirement when the crime charged is depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2, 5, and 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 403, A bill for an act relating to natural resources; changing certain provisions relating to the sale of state timber; eliminating laws relating to white pine blister rust control and cutting notices; amending Minnesota Statutes 1986, sections 90.101, subdivision 1; 90.121; 90.14; 90.151, subdivisions 1 and 13;

90.161, subdivision 1; 90.173; and 97A.205; repealing Minnesota Statutes 1986, sections 18.431 to 18.436 and 88.13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 88.49, subdivision 5, is amended to read:

Subd. 5. [CANCELLATION.] Upon the failure of the owner faithfully to fulfill and perform such contract or any provision thereof, or any requirement of sections 88.47 to 88.53, or any rule adopted by the commissioner thereunder, the commissioner may cancel the contract in the manner herein provided. The commissioner shall give to the owner, in the manner prescribed in section 88.48, subdivision 4, 60 days notice of a hearing thereon at which the owner may appear and show cause, if any, why the contract should not be canceled. The commissioner shall thereupon determine whether the contract should be canceled and make an order to that effect. Notice of the commissioner's determination and the making of the order shall be given to the owner in the manner provided in section 88.48, subdivision 4. On determining that the contract should be canceled and no appeal therefrom be taken, the commissioner shall send notice thereof to the auditor of the county and to the town clerk of the town affected and file with the recorder a certified copy of the order, who shall forthwith note the cancellation upon the record thereof, and thereupon the land therein described shall cease to be an auxiliary forest and, together with the timber thereon, become liable to all taxes and assessments that otherwise would have been levied against it had it never been an auxiliary forest from the time of the making of the contract, any provisions of the statutes of limitation to the contrary notwithstanding, less the amount of taxes paid under the provisions of section 88.51, subdivision 1, together with interest on such taxes and assessments at six percent per annum, but without penalties.

The commissioner may in like manner and with like effect cancel the contract upon written application of the owner.

The commissioner shall cancel any contract if the owner has made successful application under sections 270.31 to 270.39 inclusive, the Minnesota tree growth tax law, and has paid to the county treasurer the difference between the amount which would have been paid had the land under contract been subject to the Minnesota tree growth tax law from the date of the filing of the contract and the amount actually paid under section 88.51, subdivisions 1 and 2. If the amount which would have been paid, had the land under contract been under the Minnesota tree growth tax law from the date of the filing of the contract, is less than the amount actually paid under



the contract, the cancellation shall be made without further payment by the owner.

When the execution of any contract creating an auxiliary forest shall have been procured through fraud or deception practiced upon the county board or the commissioner or any other person or body representing the state, it may be canceled upon suit brought by the attorney general at the direction of the ~~executive council~~ commissioner. This cancellation shall have the same effect as the cancellation of a contract by the commissioner.

Sec. 2. Minnesota Statutes 1986, section 88.49, subdivision 9, is amended to read:

Subd. 9. [AUXILIARY FORESTS; WITHDRAWAL OF LAND FROM.] Land needed for other purposes may be withdrawn from an auxiliary forest as herein provided. A verified application therefor in a form prescribed by the commissioner of natural resources may be made by the owner to the county board of the county in which the land is situated, describing the land and stating the purpose of withdrawal. Like proceedings shall be had upon the application as upon an application for the establishment of an auxiliary forest, except that consideration need be given only to the questions to be determined as provided in this subdivision. If the county board shall determine that the land proposed to be withdrawn is needed and is suitable for the purposes set forth in the application, and that the remaining land in the auxiliary forest is suitable and sufficient for the purposes thereof as provided by law, the board may, in its discretion, grant the application, subject to the approval of the commissioner ~~and the executive council~~. Upon such approval a supplemental contract evidencing the withdrawal shall be executed, filed, and recorded or registered as the case may require, in like manner as an original auxiliary forest contract. Thereupon the land described in the supplemental contract shall cease to be part of the auxiliary forest, and, together with the timber thereon, shall be liable to taxes and assessments in like manner as upon cancellation of an auxiliary forest contract.

Sec. 3. Minnesota Statutes 1986, section 88.49, subdivision 11, is amended to read:

Subd. 11. [AUXILIARY FORESTS; TRANSFER OF TITLE; PROCEDURE ON DIVISION.] The title to the land in an auxiliary forest or any part thereof is subject to transfer in the same manner as the title to other real estate, subject to the auxiliary forest contract therefor and to applicable provisions of law. In case the ownership of such a forest is divided into two or more parts by any transfer or transfers of title and the owners of all such parts desire to have the same made separate auxiliary forests, they may join in a verified application therefor to the county board of the county in which the forest is situated in a form prescribed by the commissioner of natural

resources. If the county board determines that each of the parts into which the forest has been divided is suitable and sufficient for a separate auxiliary forest as provided by law, it may, in its discretion, grant the application, subject to the approval of the commissioner and the executive council. Upon such approval, the commissioner shall prepare a new auxiliary forest contract for each part transferred, with like provisions and for the remainder of the same term as the prior contract in force for the entire forest at the time of the transfer, and shall also prepare a modification of such prior contract, eliminating therefrom the part or parts of the land transferred but otherwise leaving the remaining land subject to all the provisions of such contract. The new contract or contracts and modification of the prior contract shall be executed and otherwise dealt with in like manner as provided for an original auxiliary forest contract, but no such instrument shall take effect until all of them, covering together all parts of the forest existing before the transfer, have been executed, filed, and recorded or registered, as the case may require. Upon the taking effect of all such instruments, the owner of the forest prior to the transfer shall be divested of all rights and relieved from all liabilities under the contract then in force with respect to the parts transferred except such as may have existed or accrued at the time of the taking effect of such instruments, and thereafter the several tracts into which the forest has been divided and the respective owners thereof shall be subject to the new contract or contracts or the modified prior contract relating thereto, as the case may be, as provided for an original auxiliary forest contract. The provisions of this subdivision shall not supersede or affect the application of any other provision of law to any auxiliary forest which is divided by transfer of title unless the procedure herein authorized is fully consummated.

Sec. 4. Minnesota Statutes 1986, section 90.031, subdivision 3, is amended to read:

Subd. 3. The executive council may compromise and settle, with the approval of the attorney general, upon terms as it may deem just, any claim of the state for casual and involuntary trespass upon state lands or timber where the full value of such timber or other materials so taken in trespass exceeds \$5,000; provided, that no claim shall be settled for less than the full value of all timber or other materials taken in casual trespass or the full amount of all actual damage or loss suffered by the state as a result. The executive council commissioner may make settlement for not less than the full value of any timber cut by lessees of state lands holding under section 92.50.

Sec. 5. Minnesota Statutes 1986, section 90.041, subdivision 2, is amended to read:

Subd. 2. The commissioner may compromise and settle, with the approval of the attorney general, upon terms the commissioner

deems just, any claim of the state for casual and involuntary trespass upon state lands or timber where the full value of the timber or other materials taken in trespass is \$5,000 or less; provided that no claim shall be settled for less than the full value of all timber or other materials taken in casual trespass or the full amount of all actual damage or loss suffered by the state as a result. The commissioner shall advise the executive council of any information acquired by the commissioner concerning any trespass on state lands, giving all details and names of witnesses and all compromises and settlements made under this subdivision.

Sec. 6. Minnesota Statutes 1986, section 90.101, subdivision 1, is amended to read:

Subdivision 1. The commissioner may sell the timber on any tract of state land in lots not exceeding \$20,000 in appraised value and may determine the number of sections or fractional sections of land to be covered by any one permit issued to the purchaser of timber on state lands, or in any one contract or other instrument relating thereto. No timber shall be sold, except (1) to the highest bidder at public auction, and or (2) if unsold at public auction the commissioner may offer the timber for private sale for a period of no more than 90 days after the public auction to any person who pays the appraised value for the timber. The minimum price shall be the appraised value as fixed by the report of the state appraiser. All sales shall be held in the county in which the tract is located and no sale shall be held in more than one location on any one day.

Sec. 7. Minnesota Statutes 1986, section 90.14, is amended to read:

#### 90.14 [AUCTION SALE PROCEDURE.]

All state timber shall be offered and sold by the same unit of measurement as it was appraised. The sale shall be made to the party who (1) shall bid the highest price for all the several kinds of timber as advertised, or (2) if unsold at public auction, to the party who purchases at any sale authorized under section 90.101, subdivision 1. The purchaser at any sale of timber shall, immediately upon the approval of the bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section 90.101, subdivision 1, pay to the commissioner 25 percent of the appraised value. In case any purchaser fails to make such payment, the purchaser shall be liable therefor to the state in a civil action, and the commissioner may reoffer the timber for sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

Sec. 8. Minnesota Statutes 1986, section 90.151, subdivision 1, is amended to read:

Subdivision 1. (a) Following receipt of the down payment for state timber sold at public auction, the commissioner shall issue a numbered permit to the purchaser, in a form approved by the attorney general, by the terms of which the purchaser shall be authorized to enter upon the land, and to cut and remove the timber therein described, according to the provisions of this chapter. The permit shall be correctly dated and executed by the commissioner or agent and signed by the purchaser.

(b) The permit shall expire no later than ~~two~~ three years after the date of sale as the commissioner shall specify, and the timber shall be cut within the time specified therein. All cut timber, equipment, and buildings not removed from the land within 90 days after expiration of the permit shall become the property of the state.

(c) The commissioner may grant an additional period of time not to exceed 120 days for the removal of cut timber, equipment, and buildings upon receipt of such request by the permit holder for good and sufficient reasons. No permit shall be issued to any person other than the purchaser in whose name the bid was made.

Sec. 9. Minnesota Statutes 1986, section 90.151, subdivision 13, is amended to read:

Subd. 13. [PERMIT EXTENSIONS.] (a) The commissioner may grant extensions of timber permits and contracts for periods as the commissioner deems advisable, provided that:

(1) for permits issued on or after May 15, 1975, and before the effective date of this act, the total of the extensions shall not exceed three years from the date of the expiration of the original permit; and

(2) for permits issued prior to May 15, 1975 the total of the extensions and the original permit term shall not exceed ten years from date of issuance of the permit. on or after the effective date of this act, the permit may not be extended more than two one-year periods.

(b) All extensions granted pursuant to this subdivision shall be subject to all the provisions of this chapter.

Subd. 14. [INTEREST ON EXTENSIONS.] (a) The commissioner shall include in each extension a condition that the purchaser shall pay to the state interest at the rate of:

(1) eight percent of the unpaid purchase price for each year of extension or portion thereof for an extension granted under subdivision 13, paragraph (a), clause (1); and

(2) five percent the first year of extension and 15 percent the second year of extension for an extension granted under subdivision 13, paragraph (a), clause (2).

(b) The interest shall be calculated from the beginning of the extension period to the date of the seasonal scale report of products cut as and computed on:

(1) the sale price of the timber cut; or

(2) if not cut, upon the official estimate thereof; however, of the merchantable timber not utilized under the permit.

(c) A purchaser is not required to pay interest totaling \$1 or less.

Sec. 10. Minnesota Statutes 1986, section 90.161, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise provided by law the purchaser of any state timber, before any timber permit shall become effective for any purpose, shall within 90 days from the date of purchase give a good and valid bond to the state of Minnesota equal to the value of all timber covered or to be covered by the permit, as shown by the sale price bid therefor and the appraisal report thereof as to quantity, less the amount of any payment pursuant to section 90.14, which bond shall be conditioned upon the faithful performance by the purchaser and successors in interest of all the terms and conditions of the permit and all requirements of law in respect to such sales; and the bond shall be approved in writing by the commissioner and filed for record in the commissioner's office. In the alternative to cash and bond as provided above, but upon the same conditions, a purchaser may post bond for 100 percent of the purchase price and request refund of the amount of any payment pursuant to section 90.14.

Sec. 11. Minnesota Statutes 1986, section 90.173, is amended to read:

90.173 [PURCHASER'S OR ASSIGNEE'S CASH DEPOSIT IN LIEU OF BOND.]

In lieu of filing the bond required by section 90.161 or 90.171, as security for the issuance or assignment of a timber permit the person required to file the bond may deposit with the state treasurer cash, a certified check, a cashier's check, a personal check, a postal, bank, or express money order, assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or an irrevocable bank letter of credit, in the same amount as would be required for a bond. If securities listed in this section are deposited, the par value of the securities shall be not

less than the amount required for the timber sale bond, and the person required to file the timber sale bond shall submit an agreement authorizing the commissioner to sell or otherwise take possession of the security in the event of default under the timber sale. All of the conditions of the timber sale bond shall equally apply to the deposit with the state treasurer. In the event of a default the state may take from the deposit the sum of money to which it is entitled; the remainder, if any, shall be returned to the person making the deposit and shall bear interest at the rate determined pursuant to section 549.09 if not returned within 30 days from the date of the default. Sums of money as may be required by the state treasurer to carry out the terms and provisions of this section are appropriated from the general fund to the state treasurer for these purposes. When cash is deposited for a bond, it shall be applied to the amount due when a statement is prepared and transmitted to the permit holder pursuant to section 90.181. Any balance due to the state shall be shown on the statement and shall be paid as provided in section 90.181. Any amount of the deposit in excess of the amount determined to be due pursuant to section 90.181 shall be returned to the permit holder when a final statement is transmitted pursuant to that section. All or part of a cash bond may be withheld from application to an amount due on a nonfinal statement if it appears that the total amount due on the permit will exceed the bid price.

Sec. 12. Minnesota Statutes 1986, section 97A.205, is amended to read:

97A.205 [ENFORCEMENT OFFICER POWERS.]

An enforcement officer is authorized to:

(1) execute and serve court issued warrants and processes relating to wild animals, wild rice, public waters, water pollution, conservation, and use of water, in the same manner as a constable or sheriff;

(2) enter any land to carry out the duties and functions of the division;

(3) make investigations of violations of the game and fish laws;

(4) take an affidavit, if it aids an investigation;

(5) arrest, without a warrant, a person that is detected in the actual violation of the game and fish laws, a provision of chapters 84A, 85, 86A, 88 to 106A, 361, sections 89.51 to 89.61 and ~~18.431 to 18.436~~; or 609.66, subdivision 1, clauses (1), (2), (5), and (7); and 609.68; and

(6) take an arrested person before a court in the county where the offense was committed and make a complaint.

## Sec. 13. [REPEALER.]

Minnesota Statutes 1986, sections 18.431, 18.432, 18.433, 18.434, 18.435, 18.436, and 88.13 are repealed.

## Sec. 14. [EFFECTIVE DATE.]

This act is effective 30 days after final enactment.

Delete the title and insert:

"A bill for an act relating to natural resources; changing certain provisions relating to the sale of state timber; eliminating laws relating to white pine blister rust control and cutting notices; amending Minnesota Statutes 1986, sections 88.49, subdivisions 5, 9, and 11; 90.031, subdivision 3; 90.041, subdivision 2; 90.101, subdivision 1; 90.14; 90.151, subdivisions 1 and 13; 90.161, subdivision 1; 90.173; and 97A.205; repealing Minnesota Statutes 1986, sections 18.431 to 18.436 and 88.13."

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 573, A bill for an act relating to finance; allowing remaining funds in Red River of the North dike appropriation to be used for planning and engineering.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [EXPANDING USE OF RED RIVER DIKE FUNDS.]

The unobligated balance of the appropriations made in Laws 1981, chapter 361, section 3, subdivision 3, and Laws 1985, First Special Session chapter 15, section 4, subdivision 5, does not cancel pursuant to Minnesota Statutes, section 16A.28 or other law, but is available for grants to evaluate the practicality and feasibility of establishing a coordinated diking system along both sides of the Red River of the North beginning at East Grand Forks and Grand Forks and extending north for the Minnesota counties of Polk, Marshall, and Kittson, and North Dakota counties of Grand Forks, Walsh, and Pembina. The commissioner of natural resources shall make the grants available to the Lower Red River watershed management

board to cooperate and work with the Minnesota counties and the North Dakota counties and local water management organizations."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 663, A bill for an act relating to health; providing for disposition of the remains of human fetuses; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 145.

Reported the same back with the following amendments:

Page 1, line 17, before "offspring" insert "dead"

Page 1, line 18, delete "is bone structure" and insert "are cartilaginous structures, fetal"

Page 1, line 24, delete "at a hospital, clinic,"

Page 1, line 25, delete "or medical facility"

Page 2, line 2, after "or" insert ", if not possible,"

Page 2, line 7, after "interment" insert "by burial"

Page 2, line 10, after "offspring" insert "or for purposes of a criminal investigation or determination of parentage"

Page 2, delete lines 12 to 17

Renumber the remaining subdivisions

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 828, A bill for an act relating to insurance; regulating trade practices; authorizing the payment of differing amounts of



reimbursement to insured under individual policies; amending Minnesota Statutes 1986, section 72A.20, subdivision 15.

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

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 844, A bill for an act relating to environment; prohibiting the use of certain pesticides; proposing coding for new law in Minnesota Statutes, chapter 18A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [18A.49] [USE OF CHLORDANE PROHIBITED.]

Subdivision 1. [PROHIBITION.] The state, a state agency, a political subdivision of the state, a person, or other legal entity may not sell, use, or apply the pesticide chlordane or its derivative heptachlor within the state.

Subd. 2. [PENALTY.] A person who violates subdivision 1 is guilty of a misdemeanor. Each day of violation is a separate offense.”

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 967, A bill for an act relating to education; requiring school districts to teach Braille to blind pupils; proposing coding for new law in Minnesota Statutes, chapter 126.

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

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1002, A bill for an act relating to utilities; establishing program to provide communication-impaired people with devices enabling their use of telephones; creating advisory committee and requiring report; providing for payment of costs of program; proposing coding for new law in Minnesota Statutes, chapter 237.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [237.50] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 8 have the meanings given them in this section.

Subd. 2. [COMMUNICATION IMPAIRED.] "Communication impaired" means certified as deaf, severely hearing-impaired, hard-of-hearing, speech-impaired, or deaf and blind.

Subd. 3. [COMMUNICATION DEVICE.] "Communication device" means a device that when connected to a telephone enables a communication-impaired person to communicate with another person utilizing the telephone system. A "communication device" includes a ring-signaler, an amplification device, a telecommunications device for the deaf, and a telebraille unit.

Subd. 4. [THIRD-PARTY MESSAGE RELAY.] "Third-party message relay" means a central statewide service through which a communication-impaired person, using a communication device, may send and receive messages to and from a non-communication-impaired person whose telephone is not equipped with a communication device and through which a non-communication-impaired person may, by using voice communication, send and receive messages to and from a communication-impaired person.

Sec. 2. [237.51] [COMMUNICATION-IMPAIRED PROGRAM.]

The commission shall require the telephone company providing local exchange service to the largest number of customers in the state to establish and operate a program to provide communication devices and a message relay system for eligible communication-impaired persons. The company designated under this subdivision shall retain the services of a program administrator knowledgeable about the needs of communication-impaired people and experienced in administration to administer the communication-impaired program.

## Sec. 3. [237.52] [COMMUNICATION DEVICES.]

Subdivision 1. [APPLICATION.] A person applying for a communication device under this section must apply to the program administrator retained under section 2 on a form prescribed by the administrator.

Subd. 2. [ELIGIBILITY.] To be eligible to obtain a communication device under this section, a person must be:

- (1) at least 18 years of age;
- (2) communication impaired;
- (3) a resident of the state;

(4) a resident in a household that has a median income at or below the applicable median household income in the state as determined by the state demographer, except a deaf and blind person applying for a telebraille unit may reside in a household that has a median income no more than 150 percent of the median household income in the state.

Subd. 3. [DISTRIBUTION.] The company designated to operate the program under section 2 shall purchase and distribute to each telephone company providing local exchange service sufficient communication devices so that each eligible household receives an appropriate device as determined by the advisory committee. Each telephone company providing local exchange service shall be responsible for installing and maintaining the communication devices free of charge, in each eligible household in its service area as directed by the administrator of the program. The initial distribution of the devices shall be on a priority basis as determined by the advisory committee under section 5.

Subd. 4. [TRAINING; MAINTENANCE.] The company providing local exchange service to an eligible household shall maintain the communication devices and provide training, without charge, to first-time users of the devices.

Subd. 5. [OWNERSHIP.] All communication devices purchased by the company operating the program under this section will become the property of the company providing the communication device to the eligible recipient and will be excluded from that company's rate base for the purpose of establishing rates under section 237.075 as applicable.

Subd. 6. [STANDARDS.] The communication devices distributed under this section must comply with the electronic industries association standards and approved by the Federal Communications

Commission. The company designated under section 2 must provide each eligible person a choice of several models of devices, the retail value of which may not exceed \$600 for a communication device for the deaf and a retail value of \$7,000 for a telebraille device.

Subd. 7. [REIMBURSEMENT.] The company designated under section 2 shall reimburse telephone companies including itself for the cost of providing any service required to be provided under this section from money in the special account established under section 7.

Sec. 4. [237.53] [MESSAGE RELAY SERVICE.]

Subdivision 1. [ESTABLISHMENT.] The company designated under section 2 shall contract with an appropriate telephone service provider to establish a third-party message relay service with an "800" number to enable telecommunication between communication-impaired persons and non-communication-impaired persons.

Subd. 2. [CONTRACT FOR SERVICE.] The company designated under section 2 shall contract with a local consumer organization that serves communication-impaired persons for operation of the message relay system. The operator of the system shall keep all messages confidential, shall train personnel in the unique needs of communication-impaired people, and shall inform communication-impaired persons and the public of the availability and use of the system. The operator shall not relay a message unless it originates or terminates through a communication device for the deaf or a telebraille device.

Sec. 5. [237.54] [ADVISORY COMMITTEE.]

Subdivision 1. [CREATION.] A 12-member advisory committee is established to advise in establishing and administering the communication-impaired program.

Subd. 2. [MEMBERS.] The membership of the committee must include:

(1) the commissioner of the department of human services or the commissioner's designee;

(2) the director of the department of public service or the director's designee;

(3) five communication-impaired persons appointed by the governor;

(4) one person chosen by the company required to manage the device distribution program;

(5) one member of the Minnesota telephone association appointed by the governor to represent other affected telephone companies;

(6) one person appointed by the governor to represent interLATA interexchange telephone companies;

(7) one person chosen by the organization responsible for operating the message relay service; and

(8) one person appointed by the governor who is a professional in the area of communications disabilities.

Subd. 3. [REMOVAL; VACANCY.] The removal of members and filling of vacancies shall be handled as provided under section 15.059, subdivision 4.

Subd. 4. [EXPENSES.] Members of the advisory committee may be reimbursed for expenses incurred in attending meetings as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2.

Subd. 5. [MEETINGS.] The advisory committee shall meet at least monthly until December 31, 1988, and at least quarterly thereafter, to assist in establishing and implementing the program.

Subd. 6. [DUTIES.] The advisory committee's duties include:

(1) defining economic hardship household and special needs, including circumstances requiring provision of more than one communication device per household;

(2) establishing criteria for eligibility to receive communication devices, including establishing priority criteria based on economic hardship, household criteria, and special needs;

(3) approving the initial report required in section 6 that contains the plans for program operation and each annual report that follows; and

(4) studying the potential economic impact of the program on local communication device retailers and dispensers and developing guidelines for the purchase of some communication devices from local retailers and dispensers if the study determines that otherwise they will be economically harmed by implementation of sections 1 to 7.

Sec. 6. [237.55] [REPORTS; PLANS.]

The program administrator shall prepare a report for presentation to the commission not later than December 31, 1987, to include plans for distributing communication devices and establishing a third-party message relay service and an accounting of money received and disbursed to date. The provision of service required under sections 1 to 7 may begin when the plan is approved by the commission or March 1, 1988, whichever is earlier. Beginning in 1988, the program administrator must prepare a report for presentation to the commission by December 31 of each year through the year 1992. Each report must review the accessibility of the telephone system to communication-impaired persons, review the ability of non-communication-impaired persons to communicate with communication-impaired persons via the telephone system, describe services provided, account for money received and disbursed annually for each aspect of the program to date, and include predicted future operation until the final report. The final report must, in detail, describe program operation and make recommendations for the funding and service level for necessary ongoing services. The commission may recommend changes in the program throughout its operation and shall make a recommendation to the legislature by February 1, 1993, for the future provision and maintenance of the services.

Sec. 7. [237.56] [SURCHARGE; ACCOUNT.]

Subdivision 1. [ASSESSMENT.] The program administrator in consultation with the department and the company designated to operate the program, shall annually recommend to the commission an adequate and appropriate mechanism to implement sections 1 to 7. The commission shall annually determine the funding mechanism to be used within 60 days of receipt of the recommendation of the program administrator and shall order the imposition of surcharges effective on the earliest practicable date. The commission shall establish a monthly charge no greater than ten cents per average access line. The commission shall determine average access lines by using private branch exchange equivalents or trunk line equivalents for private systems.

Subd. 2. [ACCOUNT.] Every telephone company providing local service in this state shall collect the charges established by the commission under subdivision 1 and monthly transfer the money received to the company designated to operate the program under section 2. The company operating the program must deposit money collected from its customers for charges under this section and money received by other companies under this subdivision into a separate account to be managed separately from other company accounts.

Subd. 3. [EXPENDITURES.] Money in the account established in this section may only be used for:

(1) administering the program including personnel cost, public relations, planning, advisory committee members' expenses, and other reasonable expenses, not to exceed 20 percent of total program expenditures;

(2) purchasing, distributing, and maintaining communication devices for eligible persons;

(3) creating, operating, and maintaining the third-party message relay system;

(4) installing wiring for telephone service in economic hardship households; and

(5) reimbursing telephone companies for services rendered under section 3.

Sec. 8. [237.57] [ADEQUATE SERVICE.]

The services required to be provided under sections 1 to 6 may be enforced under section 237.081 upon a complaint of at least two communication-impaired persons within the service area of any one telephone company, provided that if only one person within the service area of a company is receiving service under sections 1 to 6, the commission may proceed upon a complaint from that person.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective July 1, 1987, and are repealed effective June 30, 1993."

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1087, A bill for an act relating to public safety; school buses; requiring training for school bus drivers; providing for transitional requirements; appropriating money; amending Minnesota Statutes 1986, section 171.321, subdivision 2, and by adding subdivisions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 171.321, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in this subdivision, no person shall drive a school bus when transporting school children to or from school or upon a school related trip or activity without:

(1) having a valid Class B or Class A license with a school bus endorsement except that; and

(2) certifying to the person's employer that the initial training required by subdivision 2 has been completed.

(b) A person possessing a valid driver's license but not a school bus endorsement may drive a vehicle with a seating capacity of ten or less persons used as a school bus but not outwardly equipped or identified as a school bus. A person who has not completed the training required by subdivision 2, but has completed at least four hours of classroom training and two hours of behind-the-wheel training, may operate a school bus as provided in this subdivision only if the person has a valid school bus endorsement and is accompanied on the school bus by a driver who has met the training requirement of subdivision 2.

Sec. 2. Minnesota Statutes 1986, section 171.321, subdivision 2, is amended to read:

Subd. 2. (a) The commissioner, in consultation with the commissioner of education, of public safety shall prescribe rules governing the qualifications of individuals to drive school buses.

(b) The commissioner of public safety, in conjunction with the commissioner of education, shall adopt a training program for school bus drivers. The program must provide for the initial classroom and behind-the-wheel training, and the annual in-service training, required by subdivision 3. The program must provide training in defensive driving, human relations, emergency and accident procedures, vehicle maintenance, traffic laws, and use of safety equipment. The program must provide that the training will be conducted by the contract operator for a school district, the school district, the department of education, a licensed driver training school, or by another person or entity approved by both commissioners.

Sec. 3. Minnesota Statutes 1986, section 171.321, is amended by adding a subdivision to read:

Subd. 3. (a) A person who is issued a school bus endorsement may not operate a school bus as provided in subdivision 1, paragraph (a), until the person has certified to the person's employer that the person has completed eight hours of classroom training and six



hours of behind-the-wheel training. Training completed to qualify for a school bus endorsement may be counted toward the training required under this subdivision.

(b) To be employed as a school bus driver, a person must annually certify to the person's employer that the person has completed not less than three hours of in-service training. In-service training includes periodic safety meetings conducted by the school district or contract operator.

(c) An employer of a school bus driver must retain in the driver's file the certification that the driver has completed the required initial training and the required annual training.

Sec. 4. [TRANSITION.]

The department of public safety must adopt the training program required under section 2 by March 1, 1988. A school bus driver who holds a valid school bus endorsement on August 1, 1988, must complete the annual in-service training required under section 3 by August 1, 1989.

Sec. 5. [EFFECTIVE DATE.]

Sections 2 and 4 are effective the day following final enactment. Sections 1 and 3 are effective August 1, 1988."

Delete the title and insert:

"A bill for an act relating to public safety; school buses; requiring training for school bus drivers; providing for transitional requirements; amending Minnesota Statutes 1986, section 171.321, subdivisions 1, 2, and by adding a subdivision."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Transportation.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1185, A bill for an act relating to education; clarifying that funds may not be transferred from the debt redemption fund; amending Minnesota Statutes 1986, section 121.9121, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1274, A bill for an act relating to crimes; taxes; providing for collection from convicted person's tax refund of court-ordered restitution to crime victims; amending Minnesota Statutes 1986, sections 270A.02; and 270A.03, subdivisions 2, 5, and by adding a subdivision.

Reported the same back with the following amendments:

Page 2, line 30, after the second "or" insert "under section 609.135"

Page 2, after line 31, insert:

"Sec. 5. Minnesota Statutes 1986, section 270A.10, is amended to read:

270A.10 [PRIORITY OF CLAIMS.]

If two or more debts, in a total amount exceeding the debtor's refund, are submitted for set-off, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to debts for child support based on the order in time in which the commissioner received the debts. Thirdly, the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 6. Minnesota Statutes 1986, section 611A.04, is amended by adding a subdivision to read:

Subd. 1a. [NOTICE OF REVENUE RECAPTURE ACT PROVISIONS.] If the court grants restitution to a victim, it shall make reasonable efforts to inform the victim that the procedures contained in chapter 270A are available to assist the victim in collecting the restitution owed."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "altering the priority of claims payments;"

Page 1, line 5, delete "and"

Page 1, line 6, after "subdivision" insert "; 270A.10; and 611A.04, by adding a subdivision"

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1392, A bill for an act relating to business corporations; regulating the organization and operation of business corporations; providing for indemnification; providing voting rights; providing for the value, issuance, pledging, and acquisition of shares; and providing for payment on the return of shares; amending Minnesota Statutes 1986, sections 302A.011, subdivision 40; 302A.111, subdivisions 2 and 3; 302A.137; 302A.161, subdivision 22; 302A.201, subdivision 2; 302A.255, subdivision 1; 302A.405, subdivisions 1 and 2; 302A.409, subdivision 3; 302A.413, subdivision 5; 302A.433, subdivision 3; 302A.435, subdivision 2; 302A.437, subdivision 2; 302A.447, subdivision 7; 302A.455; 302A.457, subdivisions 1 and 2; 302A.473, subdivisions 1, 5, 6, and 7; 302A.501, subdivision 1; 302A.521, subdivisions 1, 8, and by adding a subdivision; and 302A.553, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 300.08, subdivision 1, is amended to read:

Subdivision 1. [ENUMERATED POWERS.] (a) A corporation formed under the provisions of this chapter may:

(1) be known by its corporate name for the time stated in its certificate of incorporation;

(2) sue and be sued in any court;

(3) have, use, and alter a common seal;

(4) acquire, by purchase or otherwise, and hold, enjoy, improve, lease, encumber, and convey all real and personal property necessary for the purposes of its organization, subject to the limitations hereafter declared;

(5) elect or appoint in any manner it determines all necessary or proper officers, agents, boards, and committees, to fix their compensation, and to define their powers and duties;

(6) make and amend consistently with law bylaws providing for the management of its property and the regulation and government of its affairs; and

(7) wind up and liquidate its business in the manner provided by law.

(b) A corporation formed under this chapter shall indemnify those persons identified in section 300.083 against certain expenses and liabilities only as provided in section 300.083 and may indemnify other persons.

Sec. 2. Minnesota Statutes 1986, section 300.083, subdivision 1, is amended to read:

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

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(c) "Official capacity" means (1) with respect to a director, the position of director in a corporation, (2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment or agency relationship undertaken by an employee or agent of the corporation, and (3) with respect to a director, officer, or employee, or agent of the corporation who, while a director, officer, or employee, or agent of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related corporation, or a director, officer, member of a committee or board, or employee, or agent whose indemnification is in issue.

Sec. 3. Minnesota Statutes 1986, section 300.083, subdivision 4, is amended to read:

Subd. 4. [PROHIBITION OR LIMIT ON INDEMNIFICATION OR ADVANCES.] The articles or bylaws either may prohibit indemnification or advances of expenses otherwise required by this section or may impose conditions on indemnification or advances of expenses in addition to the conditions contained in subdivisions 2 and 3 including, without limitation, monetary limits on indemnification or advances of expenses, if the conditions apply equally to all persons or to all persons within a given class. A prohibition or limit on indemnification or advances may not apply to or affect the right of a person to indemnification or advances of expenses with respect to any acts or omissions of the person occurring prior to the effective date of a provision in the articles or the date of adoption of a provision in the bylaws establishing the prohibition or limit on indemnification or advances.

Sec. 4. Minnesota Statutes 1986, section 300.083, subdivision 8, is amended to read:

Subd. 8. [DISCLOSURE.] A corporation that indemnifies or advances expenses to a person in accordance with this section in connection with a proceeding by or on behalf of the corporation shall report to the shareholders in writing the amount of the indemnification or advance and to whom and on whose behalf it was paid to the shareholders in an annual report covering the period when the indemnification or advance was paid or accrued under the accounting method of the corporation not later than the next meeting of shareholders.

Sec. 5. Minnesota Statutes 1986, section 300.083, is amended by adding a subdivision to read:

Subd. 10. [INDEMNIFICATION OF OTHER PERSONS.] Nothing in this section shall be construed to limit the power of the corporation to indemnify other persons by contract or otherwise.

Sec. 6. Minnesota Statutes 1986, section 302A.011, subdivision 40, is amended to read:

Subd. 40. [PUBLICLY HELD CORPORATION.] "Publicly held corporation" means a corporation that has a class of equity securities registered pursuant to section 12, or is subject to section 15(d), of the Securities Exchange Act of 1934, as amended through December 31, 1984 1986.

Sec. 7. Minnesota Statutes 1986, section 302A.111, subdivision 2, is amended to read:

Subd. 2. [STATUTORY PROVISIONS THAT MAY BE MODIFIED ONLY IN ARTICLES.] The following provisions govern a corporation unless modified in the articles:

(a) A corporation has general business purposes (section 302A.101);

(b) A corporation has perpetual existence and certain powers (section 302A.161);

(c) The power to adopt, amend, or repeal the bylaws is vested in the board (section 302A.181);

(d) A corporation must allow cumulative voting for directors (section 302A.215);

(e) The affirmative vote of a majority of directors present is required for an action of the board (section 302A.237);

(f) A written action by the board taken without a meeting must be signed by all directors (section 302A.239);

(g) The board may authorize the issuance of securities and rights to purchase securities (section 302A.401, subdivision 1);

(h) All shares are common shares entitled to vote and are of one class and one series (section 302A.401, subdivision 2, clauses (a) and (b));

(i) All shares have equal rights and preferences in all matters not otherwise provided for by the board (section 302A.401, subdivision 2, clause (b));

(j) The par value of shares is fixed at one cent per share for certain purposes and may be fixed by the board for certain other purposes (section 302A.401, subdivision 2, clause (c));

(k) The board or the shareholders may issue shares for any consideration or for no consideration to effectuate share dividends or splits, and determine the value of nonmonetary consideration (section 302A.405, subdivision 1);

(l) Shares of a class or series must not be issued to holders of shares of another class or series to effectuate share dividends or splits, unless authorized by a majority of the voting power of the shares of the same class or series as the shares to be issued (section 302A.405, subdivision 1);

(m) A corporation may issue rights to purchase securities whose terms, provisions, and conditions are fixed by the board (section 302A.409);

(n) A shareholder has certain preemptive rights, unless otherwise provided by the board (section 302A.413);

(o) The affirmative vote of the holders of a majority of the voting power of the shares present and entitled to vote at a duly held meeting is required for an action of the shareholders, except where this chapter requires the affirmative vote of a majority of the voting power of all shares entitled to vote (section 302A.437, subdivision 1);

(p) Shares of a corporation acquired by the corporation may be reissued (section 302A.553, subdivision 1);

(q) An exchange need not be approved by shareholders of the acquiring corporation unless the outstanding shares entitled to vote of that corporation will be increased by more than 20 percent immediately after the exchange (section 302A.613, subdivision 3, clause (c));

(r) An exchange need not be approved by shareholders of the acquiring corporation unless the outstanding participating shares of that corporation will be increased by more than 20 percent immediately after the exchange (section 302A.613, subdivision 3, clause (d)); and

(s) Each share has one vote unless otherwise provided in the terms of the share (section 302A.445, subdivision 3); and

(t) A corporation may issue shares for a consideration less than the par value, if any, of the shares (section 302A.405, subdivision 2).

Sec. 8. Minnesota Statutes 1986, section 302A.111, subdivision 3, is amended to read:

Subd. 3. [STATUTORY PROVISIONS THAT MAY BE MODIFIED EITHER IN ARTICLES OR IN BYLAWS.] The following provisions govern a corporation unless modified either in the articles or in the bylaws:

(a) Directors serve for an indefinite term that expires at the next regular meeting of shareholders (section 302A.207);

(b) The compensation of directors is fixed by the board (section 302A.211);

(c) A certain method must be used for removal of directors (section 302A.223);

(d) A certain method must be used for filling board vacancies (section 302A.225);

(e) If the board fails to select a place for a board meeting, it must be held at the principal executive office (section 302A.231, subdivision 1);

(f) A director may call a board meeting, and the notice of the meeting need not state the purpose of the meeting (section 302A.231, subdivision 3);

(g) A majority of the board is a quorum for a board meeting (section 302A.235);

(h) A committee shall consist of one or more persons, who need not be directors, appointed by affirmative vote of a majority of the directors present (section 302A.241, subdivision 2);

~~(i) A majority of a committee is a quorum for a committee meeting, unless otherwise provided by a resolution of the board (section 302A.241, subdivision 3);~~

~~(j)~~ The board may establish a committee of disinterested persons (section 302A.243);

~~(k)~~ (j) The chief executive officer and chief financial officer have specified duties, until the board determines otherwise (section 302A.305);

~~(l)~~ (k) Officers may delegate some or all of their duties and powers, if not prohibited by the board from doing so (section 302A.351);

~~(m)~~ (l) The board may establish uncertificated shares (section 302A.417, subdivision 7);

~~(n)~~ (m) Regular meetings of shareholders need not be held, unless demanded by a shareholder under certain conditions (section 302A.431);

~~(o)~~ (n) In all instances where a specific minimum notice period has not otherwise been fixed by law, not less than 10-days nor more than 60 days notice is required for a meeting of shareholders (section 302A.435, subdivision 2);

~~(p)~~ (o) The number of shares required for a quorum at a shareholders' meeting is a majority of the voting power of the shares entitled to vote at the meeting (section 302A.443);

~~(q)~~ (p) The board may fix a date up to 60 days before the date of a shareholders' meeting as the date for the determination of the holders of shares entitled to notice of and entitled to vote at the meeting (section 302A.445, subdivision 1);

~~(r)~~ (q) Indemnification of certain persons is required (section 302A.521); and



(s) (r) The board may authorize, and the corporation may make, distributions not prohibited, limited, or restricted by an agreement (section 302A.551, subdivision 1).

Sec. 9. Minnesota Statutes 1986, section 302A.133, is amended to read:

**302A.133 [PROCEDURE FOR AMENDMENT BEFORE ISSUANCE OF SHARES.]**

Before the issuance of shares by a corporation, the articles may be amended pursuant to section 302A.171 by the incorporators or by the board. The articles may be amended by the board to change a statement pursuant to section 302A.401, subdivision 3, establishing or fixing the rights and preferences of a class or series of shares before the issuance of any shares of that class or series.

Sec. 10. Minnesota Statutes 1986, section 302A.135, subdivision 4, is amended to read:

Subd. 4. [APPROVAL BY SHAREHOLDERS.] (a) The proposed amendment is adopted when approved by the affirmative vote of the holders of a majority of the voting power of the shares present and entitled to vote, except as provided in paragraphs (b) and (c) and subdivision 5.

(b) For a closely held corporation, if the articles provide for a specified proportion or number equal to or larger than the majority necessary to transact a specified type of business at a meeting, or if it is proposed to amend the articles to provide for a specified proportion or number equal to or larger than the majority necessary to transact a specified type of business at a meeting, the affirmative vote necessary to add the provision to, or to amend an existing provision in, the articles is the larger of:

(1) The specified proportion or number or, in the absence of a specific provision, the affirmative vote necessary to transact the type of business described in the proposed amendment at a meeting immediately before the effectiveness of the proposed amendment; or

(2) The specified proportion or number that would, upon effectiveness of the proposed amendment, be necessary to transact the specified type of business at a meeting.

(c) For corporations other than closely held corporations, if the articles provide for a larger proportion or number to transact a specified type of business at a meeting, the affirmative vote of that larger proportion or number is necessary to amend the articles to decrease the proportion or number necessary to transact the business.

Sec. 11. Minnesota Statutes 1986, section 302A.135, is amended by adding a subdivision to read:

Subd. 5. [CERTAIN RESTATEMENTS.] An amendment that merely restates the existing articles, as amended, may be authorized by a resolution approved by the board and may, but need not, be submitted to and approved by the shareholders as provided in subdivisions 2, 3, and 4.

Sec. 12. Minnesota Statutes 1986, section 302A.137, is amended to read:

302A.137 [CLASS OR SERIES VOTING ON AMENDMENTS.]

The holders of the outstanding shares of a class or series are entitled to vote as a class or series upon a proposed amendment, whether or not entitled to vote thereon by the provisions of the articles, if the amendment would:

(a) Increase or decrease the aggregate number of authorized shares of the class or series;

(b) ~~Increase or decrease the par value of the shares of the class or series;~~

(c) ~~Effect an exchange, reclassification, or cancellation of all or part of the shares of the class or series;~~

(d) ~~(c) Effect an exchange, or create a right of exchange, of all or any part of the shares of another class or series for the shares of the class or series;~~

(e) ~~(d) Change the rights or preferences of the shares of the class or series;~~

(f) ~~(e) Change the shares of the class or series, whether with or without par value, into the same or a different number of shares, either with or without par value, of the same or another class or series;~~

(g) ~~(f) Create a new class or series of shares having rights and preferences prior and superior to the shares of that class or series, or increase the rights and preferences or the number of authorized shares, of a class or series having rights and preferences prior or superior to the shares of that class or series;~~

(h) ~~(g) Divide the shares of the class into series and determine the designation of each series and the variations in the relative rights and preferences between the shares of each series, or authorize the board to do so;~~

(h) Limit or deny any existing preemptive rights of the shares of the class or series; or

(i) Cancel or otherwise affect distributions on the shares of the class or series that have accrued but have not been declared.

Sec. 13. Minnesota Statutes 1986, section 302A.139, is amended to read:

### 302A.139 [ARTICLES OF AMENDMENT.]

When an amendment has been adopted, articles of amendment shall be prepared that contain:

(a) The name of the corporation;

(b) The amendment adopted;

(c) The date of the adoption of the amendment by the shareholders, or by the incorporators or the board where no shares have been issued; or the date of adoption of the amendment by the board if:

(1) the amendment merely restates the existing articles, as amended, and the amendment was not submitted to and approved by the shareholders, in which case the articles of amendment must contain a statement that the amendment restating the articles correctly sets forth without change the corresponding provisions of the articles as previously amended; or

(2) the amendment is to a statement establishing or fixing the rights and preferences of a class or series of shares before the issuance of shares of that class or series;

(d) If the amendment provides for but does not establish the manner for effecting an exchange, reclassification, or cancellation of issued shares, a statement of the manner in which it will be effected; and

(e) If the amendment restates the articles in their entirety, a statement that the restated articles supersede the original articles and all amendments to them.

Sec. 14. Minnesota Statutes 1986, section 302A.141, is amended by adding a subdivision to read:

Subd. 3. [EFFECT OF AMENDMENTS RESTATING ARTICLES.] When effective under section 302A.153, an amendment restating the articles in their entirety supersedes the original articles and all amendments to the original articles.

Sec. 15. Minnesota Statutes 1986, section 302A.161, subdivision 22, is amended to read:

Subd. 22. [INDEMNIFICATION.] A corporation shall indemnify those persons identified in section 302A.521 against certain expenses and liabilities only as provided in section 302A.521 and may indemnify other persons.

Sec. 16. Minnesota Statutes 1986, section 302A.201, subdivision 2, is amended to read:

Subd. 2. [SHAREHOLDER MANAGEMENT.] The holders of the shares entitled to vote for directors of the corporation may, by unanimous affirmative vote, take any action that this chapter requires or permits the board to take ~~or the shareholders to take after action or approval of the board~~. As to an action taken by the shareholders in that manner:

(a) The directors have no duties, liabilities, or responsibilities as directors under this chapter with respect to or arising from the action;

(b) The shareholders collectively and individually have all of the duties, liabilities, and responsibilities of directors under this chapter with respect to and arising from the action;

(c) If the action relates to a matter required or permitted by this chapter or by any other law to be approved or adopted by the board, either with or without approval or adoption by the shareholders, the action is deemed to have been approved or adopted by the board; and

(d) A requirement that an instrument filed with a governmental agency contain a statement that the action has been approved and adopted by the board is satisfied by a statement that the shareholders have taken the action under this subdivision.

Sec. 17. Minnesota Statutes 1986, section 302A.255, subdivision 1, is amended to read:

Subdivision 1. [CONFLICT; PROCEDURE WHEN CONFLICT ARISES.] A contract or other transaction between a corporation and one or more of its directors, or between a corporation and an organization in or of which one or more of its directors are directors, officers, or legal representatives or have a material financial interest, is not void or voidable because the director or directors or the other organizations are parties or because the director or directors are present at the meeting of the shareholders or the board or a committee at which the contract or transaction is authorized, approved, or ratified, if:

(a) The contract or transaction was, and the person asserting the validity of the contract or transaction sustains the burden of establishing that the contract or transaction was, fair and reasonable as to the corporation at the time it was authorized, approved, or ratified;

(b) The material facts as to the contract or transaction and as to the director's or directors' interest are fully disclosed or known to the shareholders and the contract or transaction is approved in good faith by (1) the holders of a majority two-thirds of the outstanding shares, but shares owned by the interested director or directors shall not be counted in determining the presence of a quorum and shall not be voted voting power of the shares entitled to vote which are owned by persons other than the interested director or directors, or (2) the unanimous affirmative vote of the holders of all outstanding shares, whether or not entitled to vote;

(c) The material facts as to the contract or transaction and as to the director's or directors' interest are fully disclosed or known to the board or a committee, and the board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a majority of the board or committee, but the interested director or directors shall not be counted in determining the presence of a quorum and shall not vote; or

(d) The contract or transaction is a distribution described in section 302A.551, subdivision 1, or a merger or exchange described in section 302A.601, subdivision 1 or 2.

Sec. 18. Minnesota Statutes 1986, section 302A.401, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR FIXING TERMS.] (a) Subject to any restrictions in the articles, the power granted in subdivision 2 may be exercised by a resolution approved by the affirmative vote of a majority of the directors present establishing a class or series, setting forth the designation of the class or series, and fixing the relative rights and preferences of the class or series.

(b) A statement setting forth the name of the corporation and the text of the resolution and certifying the adoption of the resolution and the date of adoption shall be filed with the secretary of state before the issuance of any shares for which the resolution creates rights or preferences not set forth in the articles; provided, however, where the shareholders have received notice of the creation of shares with rights or preferences not set forth in the articles before the issuance of the shares, the statement may be filed any time within one year after the issuance of the shares. The resolution is effective when the statement has been filed with the secretary of state; or, if it is not required to be filed with the secretary of state before the issuance of shares, on the date of its adoption by the directors.

Sec. 19. Minnesota Statutes 1986, section 302A.405, subdivision 1, is amended to read:

Subdivision 1. [CONSIDERATION; PROCEDURE.] Subject to any restrictions in the articles:

(a) Shares may be issued for any consideration, including, without limitation, money or other tangible or intangible property received by the corporation or to be received by the corporation under a written agreement, or services rendered to the corporation or to be rendered to the corporation under a written agreement, as authorized by resolution approved by the affirmative vote of a majority of the directors present, or approved by the affirmative vote of the holders of a majority of the voting power of the shares present, valuing all nonmonetary consideration and establishing a price in money or other consideration, or a minimum price, or a general formula or method by which the price will be determined; and

(b) Upon authorization by resolution approved by the affirmative vote of a majority of the directors present or approved by the affirmative vote of the holders of a majority of the voting power of the shares present, the corporation may, without any new or additional consideration, issue its own shares in exchange for or in conversion of its outstanding shares, or issue its own shares pro rata to its shareholders or the shareholders of one or more classes or series, to effectuate share dividends or splits, including reverse share splits. No shares of a class or series, shares of which are then outstanding, shall be issued to the holders of shares of another class or series (except in exchange for or in conversion of outstanding shares of the other class or series), unless the issuance either is expressly provided for in the articles or is approved at a meeting by the affirmative vote of the holders of a majority of the voting power of all shares of the same class or series as the shares to be issued.

Sec. 20. Minnesota Statutes 1986, section 302A.405, subdivision 2, is amended to read:

Subd. 2. [VALUE; LIABILITY.] The determinations of the board or the shareholders as to the amount or fair value or the fairness to the corporation of the consideration received or to be received by the corporation for its shares or the terms of payment, as well as the agreement to issue shares for that consideration, are presumed to be proper if they are made in good faith and on the basis of accounting methods, or a fair valuation or other method, reasonable in the circumstances, and, unless otherwise required by the articles, the consideration may be less than the par value, if any, of the shares. Directors or shareholders who are present and entitled to vote, and who, intentionally or without reasonable investigation, fail to vote against approving an issue of shares for a consideration that is unfair to the corporation, or overvalue property or services received or to be received by the corporation as consideration for shares

issued, are jointly and severally liable to the corporation for the benefit of the then shareholders who did not consent to and are damaged by the action, to the extent of the damages of those shareholders. A director or shareholder against whom a claim is asserted pursuant to this subdivision, except in case of knowing participation in a deliberate fraud, is entitled to contribution on an equitable basis from other directors or shareholders who are liable under this section.

Sec. 21. Minnesota Statutes 1986, section 302A.409, subdivision 3, is amended to read:

Subd. 3. [ISSUANCE PERMITTED.] A corporation may issue rights to purchase if:

(a) Shares issuable upon the exercise of all outstanding rights to purchase, including the rights to purchase that are to be issued, are authorized under section 302A.111, subdivision 1, and are unissued; and

(b) after the terms, provisions, and conditions of the rights to purchase to be issued, including the conversion basis or the price at which securities may be purchased or subscribed for, are fixed by the board, subject to any restrictions in the articles.

Sec. 22. Minnesota Statutes 1986, section 302A.413, subdivision 5, is amended to read:

Subd. 5. [FRACTION TO BE ACQUIRED.] The fraction of the new issue that each shareholder may acquire by exercise of a preemptive right is the ratio that the number of shares of that class or series owned by the shareholder before the new issue bears to the total number of shares of that class or series issued and outstanding before the new issue. For purposes of determining pursuant to this subdivision the total number of shares of a class or series issued and outstanding at a particular time, all shares of that class or series issuable upon a conversion or exchange or upon the exercise of rights to purchase are considered issued and outstanding at that time.

Sec. 23. Minnesota Statutes 1986, section 302A.433, subdivision 3, is amended to read:

Subd. 3. [TIME; PLACE.] Special meetings shall be held on the date and at the time and place fixed by the chief executive officer, the chief financial officer, the board, or a person authorized by the articles or bylaws to call a meeting, except that a special meeting called by or at the demand of a shareholder or shareholders pursuant to subdivision 2 shall be held in the county where the principal executive office is located.

Sec. 24. Minnesota Statutes 1986, section 302A.435, subdivision 2, is amended to read:

Subd. 2. [WHEN GIVEN.] In all instances where a specific minimum notice period has not otherwise been fixed by law, the notice shall be given at least ten days before the date of the meeting, or a shorter time provided in the articles or bylaws, and not more than 60 days before the date of the meeting.

Sec. 25. Minnesota Statutes 1986, section 302A.437, subdivision 2, is amended to read:

Subd. 2. [VOTING BY CLASS.] In any case where a class or series of shares is entitled by this chapter, the articles, the bylaws, or the terms of the shares to vote as a class or series, the matter being voted upon must also receive the affirmative vote of the holders of the same proportion of the shares present of that class or series, or of the total outstanding shares of that class or series, as is the proportion required pursuant to subdivision 1, unless the articles require a larger proportion. Unless otherwise stated in the articles or bylaws in the case of voting as a class, the minimum percentage of the total number of shares of the class or series which must be present shall be equal to the minimum percentage of all outstanding shares entitled to vote required to be present under section 302A.443.

Sec. 26. Minnesota Statutes 1986, section 302A.447, subdivision 7, is amended to read:

Subd. 7. [PLEGGED SHARES.] A shareholder whose shares are pledged may vote those shares until the shares are registered in the name of the pledgee. If the corporation pledges its own shares under section 302A.553, subdivision 1, the corporation shall not be entitled to vote the shares at a meeting or otherwise.

Sec. 27. Minnesota Statutes 1986, section 302A.455, is amended to read:

#### 302A.455 [SHAREHOLDER VOTING AGREEMENTS.]

A written agreement solely among persons who are then shareholders or subscribers for shares to be issued, relating to the voting of their shares, is valid and specifically enforceable by and against the parties to the agreement. The agreement may override the provisions of section 302A.449 regarding proxies and is not subject to the provisions of section 302A.453 regarding voting trusts.

Sec. 28. Minnesota Statutes 1986, section 302A.457, subdivision 1, is amended to read:



Subdivision 1. [AUTHORIZED.] A written agreement solely among the shareholders of a corporation and the subscribers for shares to be issued, relating to the control of any phase of the business and affairs of the corporation, its liquidation and dissolution, or the relations among shareholders of or subscribers to shares of the corporation is valid and specifically enforceable as provided in subdivision 2.

Sec. 29. Minnesota Statutes 1986, section 302A.457, subdivision 2, is amended to read:

Subd. 2. [METHOD OF APPROVAL; ENFORCEABILITY; COPIES.] (a) A written agreement solely among persons described in subdivision 1 that relates to the control of or the liquidation and dissolution of the corporation, the relations among them, or any phase of the business and affairs of the corporation, including, without limitation, the management of its business, the declaration and payment of distributions, the election of directors or officers, the employment of shareholders by the corporation, or the arbitration of disputes, is valid and specifically enforceable, if the agreement is signed by all persons who are then the shareholders of the corporation, whether or not the shareholders all have voting shares, and the subscribers for shares, whether or not voting shares, to be issued.

(b) The agreement is enforceable by the persons described in subdivision 1 who are parties to it and is binding upon and enforceable against only those persons and other persons having knowledge of the existence of the agreement. A copy of the agreement shall be filed with the corporation. The existence and location of a copy of the agreement shall be noted conspicuously on the face or back of each certificate for shares issued by the corporation and on each transaction statement.

(c) A shareholder, a beneficial owner of shares, or another person having a security interest in shares has the right upon written demand to obtain a copy of the agreement from the corporation at the expense of the corporation.

Sec. 30. Minnesota Statutes 1986, section 302A.473, subdivision 1, is amended to read:

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

(b) "Corporation" means the issuer of the shares held by a dissenter before the corporate action referred to in section 302A.471, subdivision 1 or the successor by merger of that issuer.

(c) "Fair value of the shares" means the value of the shares of a corporation immediately before the effective date of the corporate action referred to in section 302A.471, subdivision 1.

(d) "Interest" means interest ~~from~~ commencing five days after the effective date of the corporate action referred to in section 302A.471, subdivision 1 ~~until~~ up to and including the date of payment, calculated at the rate provided in section 549.09 for interest on verdicts and judgments.

Sec. 31. Minnesota Statutes 1986, section 302A.473, subdivision 5, is amended to read:

Subd. 5. [PAYMENT; RETURN OF SHARES.] (a) After the corporate action takes effect, or after the corporation receives a valid demand for payment, whichever is later, the corporation shall remit to each dissenting shareholder who has complied with subdivisions 3 and 4 the amount the corporation estimates to be the fair value of the shares, with plus interest, ~~if any~~, accompanied by:

(1) The corporation's closing balance sheet and statement of income for a fiscal year ending not more than 16 months before the effective date of the corporate action, together with the latest available interim financial statements;

(2) An estimate by the corporation of the fair value of the shares and a brief description of the method used to reach the estimate; and

(3) A copy of section 302A.471 and this section, and a brief description of the procedure to be followed in demanding supplemental payment.

(b) The corporation may withhold the remittance described in paragraph (a) from a person who was not a shareholder on the date the action dissented from was first announced to the public or who is dissenting on behalf of a person who was not a beneficial owner on that date. If the dissenter has complied with subdivisions 3 and 4, the corporation shall forward to the dissenter the materials described in paragraph (a), a statement of the reason for withholding the remittance, and an offer to pay to the dissenter the amount listed in the materials if the dissenter agrees to accept that amount in full satisfaction. The dissenter may decline the offer and demand payment under subdivision 6. Failure to do so entitles the dissenter only to the amount offered. If the dissenter makes demand, subdivisions 7 and 8 apply.

(c) If the corporation fails to remit payment within 60 days of the deposit of certificates or the imposition of transfer restrictions on uncertificated shares, it shall return all deposited certificates and cancel all transfer restrictions. However, the corporation may again give notice under subdivision 4 and require deposit or restrict transfer at a later time.

Sec. 32. Minnesota Statutes 1986, section 302A.473, subdivision 6, is amended to read:

Subd. 6. [SUPPLEMENTAL PAYMENT; DEMAND.] If a dissenter believes that the amount remitted under subdivision 5 is less than the fair value of the shares ~~with plus~~ interest, ~~if any~~, the dissenter may give written notice to the corporation of the dissenter's own estimate of the fair value of the shares, ~~with plus~~ interest, ~~if any~~, within 30 days after the corporation mails the remittance under subdivision 5, and demand payment of the difference. Otherwise, a dissenter is entitled only to the amount remitted by the corporation.

Sec. 33. Minnesota Statutes 1986, section 302A.473, subdivision 7, is amended to read:

Subd. 7. [PETITION; DETERMINATION.] If the corporation receives a demand under subdivision 6, it shall, within 60 days after receiving the demand, either pay to the dissenter the amount demanded or agreed to by the dissenter after discussion with the corporation or file in court a petition requesting that the court determine the fair value of the shares, ~~with plus~~ interest, ~~if any~~. The petition shall be filed in the county in which the registered office of the corporation is located, except that a surviving foreign corporation that receives a demand relating to the shares of a constituent domestic corporation shall file the petition in the county in this state in which the last registered office of the constituent corporation was located. The petition shall name as parties all dissenters who have demanded payment under subdivision 6 and who have not reached agreement with the corporation. The jurisdiction of the court is plenary and exclusive. The court may appoint appraisers, with powers and authorities the court deems proper, to receive evidence on and recommend the amount of the fair value of the shares. The court shall determine whether the shareholder or shareholders in question have fully complied with the requirements of this section, and shall determine the fair value of the shares, taking into account any and all factors the court finds relevant, computed by any method or combination of methods that the court, in its discretion, sees fit to use, whether or not used by the corporation or by a dissenter. The fair value of the shares as determined by the court is binding on all shareholders, wherever located. A dissenter is entitled to judgment for the amount by which the fair value of the shares as determined by the court, plus interest, exceeds the amount, if any, remitted under subdivision 5, but shall not be liable to the corporation for the amount, if any, by which the amount, if any, remitted to the dissenter under subdivision 5 exceeds the fair value of the shares as determined by the court, plus interest.

Sec. 34. Minnesota Statutes 1986, section 302A.501, subdivision 1, is amended to read:

Subdivision 1. [PREREQUISITES.] A corporation may lend money to, guarantee an obligation of, become a surety for, or otherwise financially assist a person, if the transaction, or a class of

transactions to which the transaction belongs, is approved by the affirmative vote of a majority of the directors present and:

(a) Is in the usual and regular course of business of the corporation;

(b) Is with, or for the benefit of, a related corporation, an organization in which the corporation has a financial interest, an organization with which the corporation has a business relationship, or an organization to which the corporation has the power to make donations;

(c) Is with, or for the benefit of, an officer or other employee of the corporation or a subsidiary, including an officer or employee who is a director of the corporation or a subsidiary, and may reasonably be expected, in the judgment of the board, to benefit the corporation; or

(d) Has been approved by (1) the affirmative vote of the holders of two-thirds of the outstanding shares of the voting power of the shares entitled to vote which are owned by persons other than the interested person or persons, or (2) the unanimous affirmative vote of the holders of all outstanding shares, whether or not entitled to vote.

Sec. 35. Minnesota Statutes 1986, section 302A.521, subdivision 1, is amended to read:

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

(b) "Corporation" includes a domestic or foreign corporation that was the predecessor of the corporation referred to in this section in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(c) "Official capacity" means (1) with respect to a director, the position of director in a corporation, (2) with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the board, or the employment or agency relationship undertaken by an employee or agent of the corporation, and (3) with respect to a director, officer, or employee, or agent of the corporation who, while a director, officer, or employee, or agent of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.

(d) "Proceeding" means a threatened, pending, or completed civil, criminal, administrative, arbitration, or investigative proceeding, including a proceeding by or in the right of the corporation.

(e) "Special legal counsel" means counsel who has not represented the corporation or a related corporation, or a director, officer, member of a committee of the board, or employee, or agent whose indemnification is in issue.

Sec. 36. Minnesota Statutes 1986, section 302A.521, subdivision 4, is amended to read:

Subd. 4. [PROHIBITION OR LIMIT ON INDEMNIFICATION OR ADVANCES.] The articles or bylaws either may prohibit indemnification or advances of expenses otherwise required by this section or may impose conditions on indemnification or advances of expenses in addition to the conditions contained in subdivisions 2 and 3 including, without limitation, monetary limits on indemnification or advances of expenses, if the conditions apply equally to all persons or to all persons within a given class. A prohibition or limit on indemnification or advances may not apply to or affect the right of a person to indemnification or advances of expenses with respect to any acts or omissions of the person occurring prior to the effective date of a provision in the articles or the date of adoption of a provision in the by-laws establishing the prohibition or limit on indemnification or advances.

Sec. 37. Minnesota Statutes 1986, section 302A.521, subdivision 8, is amended to read:

Subd. 8. [DISCLOSURE.] A corporation that indemnifies or advances expenses to a person in accordance with this section in connection with a proceeding by or on behalf of the corporation shall report to the shareholders in writing the amount of the indemnification or advance and to whom and on whose behalf it was paid as part of the annual financial statements furnished to shareholders pursuant to section 302A.463 covering the period when the indemnification or advance was paid or accrued under the accounting method of the corporation reflected in the financial statements not later than the next meeting of shareholders.

Sec. 38. Minnesota Statutes 1986, section 302A.521, is amended by adding a subdivision to read:

Subd. 9. [INDEMNIFICATION OF OTHER PERSONS.] Nothing in this section shall be construed to limit the power of the corporation to indemnify other persons by contract or otherwise.

Sec. 39. Minnesota Statutes 1986, section 302A.553, subdivision 1, is amended to read:

Subdivision 1. [WHEN PERMITTED; STATUS OF SHARES.] A corporation may acquire its own shares, subject to section 302A.551. If the corporation pledges the shares to secure payment of the redemption price thereof, then the corporation shall not be deemed to have acquired the shares for the purposes of this subdivision until the pledge is released. Shares so acquired by a corporation constitute authorized but unissued shares of the corporation, unless the articles provide that they shall not be reissued, in which case the number of authorized shares is reduced by the number of shares acquired.

Sec. 40. Minnesota Statutes 1986, section 302A.727, is amended to read:

302A.727 [NOTICE TO CREDITORS AND CLAIMANTS.]

Subdivision 1. [WHEN PERMITTED; HOW GIVEN.] When a notice of intent to dissolve has been filed with the secretary of state, the corporation may give notice of the filing to each known creditor of and claimant against the corporation at the last known address of each known or unknown, present, or future, ~~or~~ and contingent creditor and claimant or noncontingent. ~~The corporation may give published notice to known creditors or claimants whose address is unknown and to unknown present, future, or contingent creditors and claimants.~~ If notice to creditors and claimants is given, it must be given by publishing the notice once each week for four successive weeks in a legal newspaper in the county or counties where the registered office and the principal executive office of the corporation are located and by giving written notice to known creditors and claimants pursuant to section 302A.011, subdivision 17.

Subd. 2. [CONTENTS.] The notice to creditors and claimants shall contain:

- (a) A statement that the corporation is in the process of dissolving;
- (b) A statement that the corporation has filed with the secretary of state a notice of intent to dissolve;
- (c) The date of filing the notice of intent to dissolve;
- (d) The address of the office to which written claims against the corporation must be presented; and
- (e) The date by which all the claims must be received, which shall be the later of 90 days after the notice of intent to dissolve was filed with the secretary of state published notice or, with respect to a particular known creditor or claimant, 90 days after the date on which written notice was given to that creditor or claimant. Pub-

lished notice is deemed given on the date of first publication for the purpose of determining this date.

Sec. 41. Minnesota Statutes 1986, section 302A.729, is amended to read:

302A.729 [CLAIMS IN DISSOLUTION.]

Subdivision 1. [PROCEDURE.] If the corporation gives proper notice to creditors and claimants pursuant to section 302A.727:

(a) The claim of a creditor or claimant to whom notice is given who fails to file a claim according to the procedures set forth by the corporation on or before the date set forth in the notice is subject to the provisions of section 302A.781;

(b) The corporation has 30 days from the receipt of each claim filed according to the procedures set forth by the corporation on or before the date set forth in the notice to accept or reject the claim by giving written notice to the person submitting it; a claim not expressly rejected in this manner is deemed accepted; and

(c) (b) A creditor or claimant to whom notice is given and whose claim is rejected by the corporation has 60 days from the date of rejection, or 180 days from the date the corporation filed with the secretary of state the notice of intent to dissolve, or 90 days after the date on which notice was given to the creditor or claimant, whichever is longer, to pursue any other remedies with respect to the claim. If the creditor or claimant does not initiate legal, administrative, or arbitration proceedings with respect to the claim during that period, the claim is subject to the provisions of section 302A.781.

Subd. 2. [STATUTE OF LIMITATIONS.] The claim of a creditor or claimant to whom notice is not given and for whom payment of any debt is not made or provided for and who does not initiate legal, administrative, or arbitration proceedings concerning the claim within two years after the date of filing the notice of intent to dissolve is thereafter subject to the provisions of 302A.781.

Sec. 42. [302A.730] [STATUTE OF LIMITATIONS.]

Subdivision 1. [CORPORATIONS THAT GIVE NOTICE.] If the corporation gives notice to creditors and claimants pursuant to section 302A.727:

(1) the claim of a creditor or claimant to whom notice is given who fails to file a claim according to the procedures set forth by the corporation on or before the date set forth in the notice is subject to the provisions of section 302A.781;

(2) the claim of a creditor or claimant that is rejected by the corporation in accordance with section 302A.729 is subject to the provisions of section 302A.781 if the creditor or claimant does not initiate legal, administrative, or arbitration proceedings with respect to the claim during the period set forth in section 302A.729, clause (b).

Subd. 2. [OTHER CORPORATIONS.] If the corporation does not give notice to creditors and claimants pursuant to section 302A.727, the claim of a creditor or claimant who does not initiate legal, administrative, or arbitration proceedings concerning the claim within two years after the date of filing the notice of intent to dissolve is subject to the provisions of section 302A.781.

Sec. 43. Minnesota Statutes 1986, section 302A.733, subdivision 1, is amended to read:

Subdivision 1. [ARTICLES; WHEN FILED.] Articles of dissolution for a corporation dissolving pursuant to section 302A.721 shall be filed with the secretary of state after:

(a) The payment of claims of all known creditors and claimants has been made or provided for;

(b) The longer of the periods described in section 302A.729, subdivision 1, clause (e) has expired, if the corporation has given notice to creditors and claimants of the corporation in the manner described in section 302A.727; or, in all other cases, if the corporation has given notice to creditors and claimants in the manner provided in section 302A.727: (1) the 90-day period in section 302A.727, subdivision 2, clause (e), has expired and the payment of claims of all creditors and claimants filing a claim within that period has been made or provided for; or (2) the longer of the periods described in section 302A.729, clause (b), has expired; or, in all other cases;

(c) The two-year period described in section 302A.729, subdivision 2 42 has expired.

Sec. 44. Minnesota Statutes 1986, section 302A.733, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF ARTICLES.] The articles of dissolution shall state:

(a) Whether notice has been given to all creditors and claimants of the corporation in the manner provided in section 302A.727, and, if notice has been given, the last date on which the notice was given and: (1) that the payment of all creditors and claimants filing a claim within the 90-day period set forth in section 302A.727,



subdivision 2, clause (e), has been made or provided for; or (2) the date on which the longer of the periods described in section 302A.729, subdivision 1, clause (e) (b), expired; or

(b) If notice was not given and articles of dissolution are being filed pursuant to section 302A.733, subdivision 1, clause (a) that all debts, obligations, and liabilities of the corporation have been paid and discharged or that adequate provisions have been made therefor; and

(c) That the remaining property, assets, and claims of the corporation have been distributed among its shareholders in accordance with section 302A.551, subdivision 4, or that adequate provision has been made for that distribution; and

(d) That there are no pending legal, administrative, or arbitration proceedings by or against the corporation, or that adequate provision has been made for the satisfaction of any judgment, order, or decree that may be entered against it in a pending proceeding; and that all other claims are barred under section 302A.781.

Sec. 45. Minnesota Statutes 1986, section 302A.781, is amended to read:

### 302A.781 [CLAIMS BARRED; EXCEPTIONS.]

Subdivision 1. [CLAIMS BARRED.] A person who is or becomes a creditor or claimant at any time before, during, or following the conclusion of dissolution proceedings, who does not file a claim or pursue a remedy in a legal, administrative, or arbitration proceeding within the time provided in section 302A.729 42, 302A.741, 302A.751, or 302A.759, or has not initiated a legal, administrative, or arbitration proceeding before the commencement of the dissolution proceedings, and all those claiming through or under the creditor or claimant, are forever barred from suing on that claim or otherwise realizing upon or enforcing it, except as provided in this section.

Subd. 2. [CLAIMS REOPENED.] At any time within one year after articles of dissolution have been filed with the secretary of state pursuant to section 302A.733, subdivision 1, clause (b) or (c), or a decree of dissolution has been entered, a creditor or claimant who shows good cause for not having previously filed the claim may apply to a court in this state to allow a claim:

(a) Against the corporation to the extent of undistributed assets; or

(b) If the undistributed assets are not sufficient to satisfy the claim, against a shareholder, whose liability shall be limited to a portion of the claim that is equal to the portion of the distributions to shareholders in liquidation or dissolution received by the shareholder.

Subd. 3. [CLAIMS PERMITTED.] All debts, obligations, and liabilities incurred during dissolution proceedings shall be paid or provided for by the corporation before the distribution of assets to a shareholder. A person to whom this kind of debt, obligation, or liability is owed but not paid may pursue any remedy against the officers, directors, and shareholders of the corporation before the expiration of the applicable statute of limitations. This subdivision does not apply to dissolution under the supervision or order of a court.

Sec. 46. [EFFECTIVE DATE.]

Notwithstanding Minnesota Statutes, section 645.21, section 18 is effective retroactive to January 1, 1984."

Delete the title and insert:

"A bill for an act relating to business corporations; regulating the organization and operation of business corporations; providing for indemnification; providing voting rights; providing for the value, issuance, pledging, and acquisition of shares; and providing for payment on the return of shares; amending Minnesota Statutes 1986, sections 300.08, subdivision 1; 300.083, subdivisions 1, 4, 8, and by adding a subdivision; 302A.011, subdivision 40; 302A.111, subdivisions 2 and 3; 302A.133; 302A.135, subdivision 4, and by adding a subdivision; 302A.137; 302A.139; 302A.141, by adding a subdivision; 302A.161, subdivision 22; 302A.201, subdivision 2; 302A.255, subdivision 1; 302A.401, subdivision 3; 302A.405, subdivisions 1 and 2; 302A.409, subdivision 3; 302A.413, subdivision 5; 302A.433, subdivision 3; 302A.435, subdivision 2; 302A.437, subdivision 2; 302A.447, subdivision 7; 302A.455; 302A.457, subdivisions 1 and 2; 302A.473, subdivisions 1, 5, 6, and 7; 302A.501, subdivision 1; 302A.521, subdivisions 1, 4, and 8, and by adding a subdivision; 302A.553, subdivision 1; 302A.727; 302A.729; 302A.733, subdivisions 1 and 2; and 302A.781; proposing coding for new law in Minnesota Statutes, chapter 302A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1459, A bill for an act relating to the town of Irondale; removing a town levy limitation; repealing Laws 1971, chapter 336.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1467, A bill for an act relating to traffic regulations; peace officers; authorizing peace officers to inspect for regulated tires; amending Minnesota Statutes 1986, section 169.725.

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

The report was adopted.

Battaglia from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1561, A bill for an act relating to community dispute resolution programs; authorizing the state and municipalities to make grants to programs; proposing coding for new law in Minnesota Statutes, chapter 494.

Reported the same back with the following amendments:

Page 1, line 9, delete "Notwithstanding any other law"

Page 1, line 10, delete "to the contrary,"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1590, A bill for an act relating to education; clarifying the authority of school boards to appoint directors of area vocational technical institutes; amending Minnesota Statutes 1986, section 136C.05, subdivision 1.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

S. F. No. 25, A bill for an act relating to traffic regulations; requiring additional reflective devices for persons using alternate slow moving vehicle emblems; amending Minnesota Statutes 1986, section 169.522, subdivision 1.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 59, A bill for an act relating to highway traffic regulations; prescribing who shall prosecute persons who operate motorboats while under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1986, section 361.12, subdivision 5.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

S. F. No. 673, A bill for an act relating to human services; allowing the use of certain professional standards for chemical dependency professionals; amending Minnesota Statutes 1986, section 254A.16, by adding a subdivision.

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

The report was adopted.

McEachern from the Committee on Education to which was referred:

S. F. No. 698, A bill for an act relating to education; authorizing northeast metropolitan intermediate school district No. 916 to issue

certain bonds for the acquisition and betterment of a secondary vocational and special education facility.

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. 88, 196, 226, 268, 307, 403, 663, 828, 844, 967, 1002, 1185, 1274, 1392, 1467, 1561 and 1590 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 341, 25, 59, 673 and 698 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Orenstein introduced:

H. F. No. 1622, A bill for an act relating to courts; providing court of appeals representation on the sentencing guidelines commission; clarifying the membership on judicial appeal panels; permitting retired judges to solemnize marriages; clarifying judicial representation on the judicial standards board; authorizing the supreme court to adopt court rules; restricting mileage reimbursement for law clerks; amending Minnesota Statutes 1986, sections 244.09, subdivision 2; 253B.19, subdivision 1; 480.051; 484.545, subdivision 3; 484.62; 490.15, subdivision 1; 517.04; and 525.06.

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

## CALENDAR

H. F. No. 999 was reported to the House and given its third reading.

Kelso moved that H. F. No. 999 be returned to General Orders. The motion prevailed.

### SPECIAL ORDERS

S. F. No. 793, 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 arbitration mechanisms for all automobile manufacturers doing business and offering express warranties on their vehicles sold in Minnesota; amending Minnesota Statutes 1986, section 325F.665.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 114 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Heap	Marsh	Osthoff	Skoglund
Battaglia	Himle	McDonald	Otis	Solberg
Bauerly	Jacobs	McEachern	Ozment	Sparby
Beard	Jaros	McKasy	Pauly	Stanius
Begich	Jefferson	McLaughlin	Pelowski	Steensma
Bennett	Jennings	McPherson	Peterson	Sviggum
Bertram	Jensen	Milbert	Price	Swenson
Blatz	Johnson, A.	Minne	Quinn	Tjornhom
Boo	Johnson, R.	Morrison	Quist	Tompkins
Brown	Johnson, V.	Munger	Reding	Trimble
Burger	Kahn	Murphy	Rest	Tunheim
Carlson, D.	Kalis	Nelson, C.	Rice	Uphus
Carlson, L.	Kelly	Nelson, D.	Riveness	Valento
Carruthers	Kelso	Nelson, K.	Rodosovich	Vanasek
Clark	Kinkel	Neuenschwander	Rose	Vellenga
Cooper	Kludt	O'Connor	Rukavina	Voss
Dauner	Knuth	Ogren	Sarna	Wagenius
DeBlicke	Kostohryz	Olsen, S.	Scheid	Waltman
Dille	Krueger	Olson, E.	Schoenfeld	Welle
Dorn	Larsen	Olson, K.	Schreiber	Wenzel
Greenfield	Lasley	Omann	Segal	Winter
Gruenes	Lieder	Onnen	Shaver	Spk. Norton
Hartle	Long	Orenstein	Simoneau	

Those who voted in the negative were:

Dempsey	Frerichs	Miller	Richter	Thiede
Forsythe	Haukoos	Poppenhagen	Schafer	
Frederick	Hugoson	Redalen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 85 was reported to the House.

O'Connor moved to amend H. F. No. 85, the first engrossment, as follows:

Page 6, line 25, delete "or lessor"

Page 6, line 30, restore the stricken language

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

The Speaker called Anderson, G., to the Chair.

Simoneau moved to amend H. F. No. 85, the first engrossment, as follows:

Page 12, line 8, delete "\$1,500" and insert "\$2,000"

The motion prevailed and the amendment was adopted.

Bishop moved to amend H. F. No. 85, the first engrossment, as amended, as follows:

Page 9, line 36, after "conducted." insert "If the arbitrator finds the claim was filed frivolously or in bad faith, the costs of arbitration not to exceed \$200, could be assessed to the claimant."

The motion prevailed and the amendment was adopted.

Richter and Poppenhagen moved to amend H. F. No. 85, the first engrossment, as amended, as follows:

Page 13, after line 15, insert:

"Sec. 10. [168. ] [SELLER EXPENSES FOR FAILURE TO DISCLOSE.]

A person who sells or trades a motor vehicle to a motor vehicle dealer and fails to disclose any defect in the motor vehicle that, upon sale of the vehicle by the motor vehicle dealer to another person, constitutes a breach of an express or implied warranty, is liable to the motor vehicle dealer for one-half of any expenses incurred by the motor vehicle dealer upon sale of the motor vehicle including one-half of all repair costs and costs of arbitration."

Renumber sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Simoneau moved to lay the Richter and Poppenhagen amendment on the table. Speaker pro tempore Anderson, G., ruled the motion out of order.

The question recurred on the Richter and Poppenhagen amendment and the roll was called. There were 37 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gutknecht	Marsh	Redalen	Sviggum
Bennett	Hartle	McDonald	Richter	Swenson
Blatz	Haukoos	McKasy	Rose	Thiede
Burger	Heap	McPherson	Schafer	Tompkins
Carlson, D.	Himle	Omann	Schreiber	Waltman
Dempsey	Hugoson	Ozment	Seaberg	
Frederick	Jennings	Pauly	Shaver	
Frerichs	Johnson, V.	Poppenhagen	Stanius	

Those who voted in the negative were:

Battaglia	Jaros	McEachern	Otis	Skoglund
Bauerly	Jefferson	McLaughlin	Pappas	Solberg
Beard	Jensen	Milbert	Pelowski	Sparby
Begich	Johnson, R.	Miller	Peterson	Steensma
Bertram	Kahn	Minne	Price	Tjornhom
Brown	Kalis	Munger	Quinn	Trimble
Carlson, L.	Kelly	Murphy	Reding	Tunheim
Carruthers	Kelso	Nelson, C.	Rest	Uphus
Clark	Kinkel	Nelson, K.	Rice	Valento
Clausnitzer	Kludt	O'Connor	Riveness	Vanasek
Cooper	Knickerbocker	Ogren	Rodosovich	Vellenga
DeBlicek	Knuth	Olsen, S.	Rukavina	Voss
Dille	Kostohryz	Olson, E.	Sarna	Wagenius
Dorn	Krueger	Olson, K.	Scheid	Welle
Greenfield	Larsen	Onnen	Schoenfeld	Wenzel
Gruenes	Lasley	Orenstein	Segal	Wynia
Jacobs	Long	Osthoff	Simoneau	

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

H. F. No. 85, A bill for an act relating to consumer protection; requiring certain disclosures in sales of used motor vehicles; regulating new and used motor vehicle licenses; providing certain standards in applications for certificates of title; requiring certain disclosures upon the transfer of a motor vehicle; amending Minnesota Statutes 1986, sections 168.27, subdivisions 1, 2, 3, 4, 8, 10, 12, and 24; 169.57, by adding a subdivision; 325E.0951, by adding a subdivision; 325G.18; and 336.2-316; proposing coding for new law in Minnesota Statutes, chapters 168 and 168A.

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 70 yeas and 61 nays as follows:



Those who voted in the affirmative were:

Battaglia	Johnson, A.	McLaughlin	Pappas	Simoneau
Beard	Johnson, R.	Milbert	Pelowski	Skoglund
Begich	Kahn	Minne	Peterson	Solberg
Bishop	Kalis	Morrison	Price	Steensma
Carlson, L.	Kelly	Munger	Quinn	Swenson
Carruthers	Kinkel	Murphy	Reding	Trimble
Clark	Kludt	Nelson, C.	Rest	Vanasek
Cooper	Knuth	Nelson, D.	Rice	Vellenga
DeBlieck	Kostohryz	Nelson, K.	Riveness	Voss
Greenfield	Krueger	O'Connor	Rodosovich	Wagenius
Jacobs	Larsen	Ogren	Rukavina	Welle
Jaros	Lasley	Orenstein	Sarna	Wenzel
Jefferson	Long	Osthoff	Scheid	Winter
Jensen	McEachern	Otis	Segal	Spk. Norton

Those who voted in the negative were:

Anderson, G.	Dille	Johnson, V.	Onnen	Stanius
Anderson, R.	Dorn	Kelso	Ozment	Sviggum
Bauerly	Forsythe	Knickerbocker	Pauly	Thiede
Bennett	Frederick	Lieder	Poppenhagen	Tjornhom
Bertram	Frerichs	Marsh	Quist	Tompkins
Blatz	Gruenes	McDonald	Redalen	Tunheim
Boo	Gutknecht	McKasy	Richter	Uphus
Brown	Hartle	McPherson	Rose	Valento
Burger	Haukoos	Miller	Schafer	Waltman
Carlson, D.	Heap	Neuenschwander	Schoenfeld	
Clausnitzer	Himle	Olsen, S.	Schreiber	
Dauner	Hugoson	Olson, E.	Seaberg	
Dempsey	Jennings	Omann	Shaver	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 466 was reported to the House.

Sarna moved to amend H. F. No. 466, the first engrossment, as follows:

Page 1, line 18, strike "or fishing,"

Page 1, line 20, strike "without advertising"

Page 1, line 21, strike "other than price marking on the spectacles,"

The motion prevailed and the amendment was adopted.

H. F. No. 466, A bill for an act relating to commerce; clarifying unregulated sales of eyeglasses; amending Minnesota Statutes 1986, section 148.56, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Osthoff	Shaver
Anderson, R.	Gutknecht	Lieder	Otis	Simoneau
Battaglia	Hartle	Marsh	Ozment	Skoglund
Bauerly	Haukoos	McDonald	Pappas	Solberg
Beard	Heap	McEachern	Pauly	Sparby
Begich	Himle	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Steensma
Bertram	Jacobs	McPherson	Poppenhagen	Sviggum
Bishop	Jaros	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Thiede
Brown	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Murphy	Reding	Trimble
Carlson, L.	Johnson, R.	Nelson, C.	Rest	Tunheim
Carruthers	Johnson, V.	Nelson, D.	Rice	Uphus
Clark	Kahn	Nelson, K.	Richter	Valento
Clausnitzer	Kelly	Neuenschwander	Rose	Vanasek
Cooper	Kelso	O'Connor	Rukavina	Vellenga
Dauner	Kinkel	Ogren	Sarna	Voss
DeBlicck	Kludt	Olsen, S.	Schafer	Wagenius
Dempsey	Knickerbocker	Olson, E.	Scheid	Waltman
Dorn	Knuth	Olson, K.	Schoenfeld	Welle
Frederick	Kostohryz	Omann	Schreiber	Wenzel
Frerichs	Krueger	Onnen	Seaberg	Winter
Greenfield	Larsen	Orenstein	Segal	Wynia
				Spk. Norton

Those who voted in the negative were:

Forsythe            Kalis

The bill was passed, as amended, and its title agreed to.

H. F. No. 487 was reported to the House.

Peterson moved to amend H. F. No. 487, the first engrossment, as follows:

Page 2, line 6, reinstate "include individuals" and delete "include existing members"

Page 2, line 7, strike "without receiving compensation of more than \$150 per"

Page 2, line 13, delete the new language

Page 2, line 14, delete everything before the period and insert "provided that the referring party is a current member of the

campground or does not directly or indirectly receive compensation of more than \$150 per referral, does not make more than 15 referrals per year, and has entered into a referral agreement with a membership camping operator that prohibits the discussion of terms or prices of camping memberships. The practice of subcontracting referral services where referral fees are split or shared with another person is prohibited. Payment of a referral fee may not be conditioned upon any sale but must be made merely for providing the referral. The person paying the referral fee is bound by any representation the person receiving the fee makes"

The motion prevailed and the amendment was adopted.

H. F. No. 487, A bill for an act relating to commerce; regulating membership camping practices; prohibiting certain advertising practices; establishing escrow requirements; regulating subdivided land sales practices; prohibiting certain advertising practices; amending Minnesota Statutes 1986, sections 82A.02, subdivisions 2, 10, and 19; 82A.04, subdivision 2; 82A.09, by adding a subdivision; 82A.11, subdivision 3; and 82A.24, subdivisions 3 and 6; proposing coding for new law in Minnesota Statutes, chapters 82A and 83.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Simoneau
Anderson, R.	Gruenes	Lieder	Otis	Skoglund
Battaglia	Gutknecht	Marsh	Ozment	Solberg
Bauerly	Hartle	McDonald	Pappas	Sparby
Beard	Haukoos	McEachern	Pauly	Stanius
Begich	Heap	McKasy	Pelowski	Steensma
Bennett	Himle	McLaughlin	Peterson	Sviggum
Bertram	Hugoson	McPherson	Poppenhagen	Swenson
Bishop	Jacobs	Milbert	Price	Thiede
Blatz	Jaros	Miller	Quinn	Tjornhom
Brown	Jefferson	Minne	Quist	Tompkins
Burger	Jennings	Morrison	Redalen	Trimble
Carlson, D.	Jensen	Munger	Reding	Tunheim
Carlson, L.	Johnson, A.	Murphy	Rest	Uphus
Carruthers	Johnson, R.	Nelson, C.	Richter	Valento
Clark	Johnson, V.	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rose	Vellenga
Cooper	Kelly	Neuenschwander	Rukavina	Voss
Dauner	Kelso	O'Connor	Sarna	Wagenius
DeBlicck	Kinkel	Ogren	Schafer	Waltman
Dempsey	Kludt	Olsen, S.	Scheid	Welle
Dille	Knickerbocker	Olson, E.	Schoenfeld	Wenzel
Dorn	Knuth	Olson, K.	Schreiber	Winter
Forsythe	Kostohryz	Omann	Seaberg	Wynia
Frederick	Krueger	Onnen	Segal	Spk. Norton
Frerichs	Larsen	Orenstein	Shaver	

The bill was passed, as amended, and its title agreed to.

H. F. No. 949, A bill for an act relating to consumer protection; requiring registration for health, buying, and social referral clubs; providing bonding and alternative security requirements; regulating bond claims; amending Minnesota Statutes 1986, sections 325G.23, subdivisions 4, 8, and by adding a subdivision; and 325G.27.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Onnen	Seaberg
Anderson, R.	Gruenes	Lasley	Orenstein	Segal
Battaglia	Gutknecht	Lieder	Osthoff	Shaver
Bauerly	Hartle	Long	Otis	Simoneau
Bead	Haukoos	Marsh	Ozment	Skoglund
Begich	Heap	McDonald	Pappas	Solberg
Bennett	Himle	McEachern	Pauly	Sparby
Bertram	Hugoson	McKasy	Pelowski	Stanius
Bishop	Jacobs	McLaughlin	Peterson	Steensma
Blatz	Jaros	McPherson	Poppenhagen	Swenson
Brown	Jefferson	Milbert	Price	Tjornhom
Burger	Jennings	Miller	Quinn	Tompkins
Carlson, D.	Jensen	Minne	Quist	Trimble
Carlson, L.	Johnson, A.	Morrison	Redalen	Tunheim
Carruthers	Johnson, R.	Munger	Reding	Uphus
Clark	Johnson, V.	Murphy	Rest	Valento
Clausnitzer	Kahn	Nelson, C.	Rice	Vanasek
Cooper	Kalis	Nelson, D.	Richter	Vellenga
Dauner	Kelly	Nelson, K.	Riveness	Wagenius
DeBlieck	Kelso	Neuenschwander	Rose	Waltman
Dempsey	Kinkel	O'Connor	Rukavina	Welle
Dille	Kludt	Ogren	Sarna	Wenzel
Dorn	Knickerbocker	Olsen, S.	Schafer	Winter
Forsythe	Knuth	Olsen, E.	Scheid	Wynia
Frederick	Kostohryz	Olson, K.	Schoenfeld	Spk. Norton
Frerichs	Krueger	Omann	Schreiber	

Those who voted in the negative were:

Sviggum Thiede

The bill was passed and its title agreed to.

H. F. No. 945 was reported to the House.

Burger moved to amend H. F. No. 945, as follows:

Page 2, line 4 after "of" insert "producer."

The motion prevailed and the amendment was adopted.

H. F. No. 945, A bill for an act relating to education; requiring a school district to consider consumer education periodically in formulating its planning, evaluation and reporting policy; amending Minnesota Statutes 1986, section 126.66, 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 120 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Omann	Segal
Anderson, R.	Gruenes	Lasley	Orenstein	Shaver
Battaglia	Gutknecht	Lieder	Osthoff	Simoneau
Beard	Hartle	Long	Otis	Skoglund
Begich	Heap	Marsh	Ozment	Solberg
Bennett	Himle	McDonald	Pappas	Sparby
Bertram	Hugoson	McEachern	Pauly	Stanius
Bishop	Jacobs	McKasy	Pelowski	Steenasma
Blatz	Jefferson	McLaughlin	Peterson	Swenson
Brown	Jennings	McPherson	Poppenhagen	Tjornhom
Burger	Jensen	Milbert	Price	Tompkins
Carlson, D.	Johnson, A.	Minne	Quinn	Trimble
Carlson, L.	Johnson, R.	Morrison	Redalen	Tunheim
Carruthers	Johnson, V.	Munger	Reding	Uphus
Clark	Kahn	Murphy	Rest	Valento
Clausnitzer	Kalis	Nelson, C.	Rice	Vanasek
Cooper	Kelly	Nelson, D.	Riveness	Vellenga
Dauner	Kelso	Nelson, K.	Rodosovich	Voss
DeBlicek	Kinkel	Neuenschwander	Rose	Wagenius
Dempsey	Kludt	O'Connor	Sarna	Welle
Dille	Knickerbocker	Ogren	Scheid	Wenzel
Dorn	Knuth	Olsen, S.	Schoenfeld	Winter
Forsythe	Kostohryz	Olson, E.	Schreiber	Wynia
Frederick	Krueger	Olson, K.	Seaberg	Spk. Norton

Those who voted in the negative were:

Frerichs	Miller	Quist	Sviggum	Waltman
Haukoos	Onnen	Richter	Thiede	

The bill was passed, as amended, and its title agreed to.

S. F. No. 94, A bill for an act relating to public health; requiring an itemized billing for hearing aid repairs; amending Minnesota Statutes 1986, section 145.43, 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 116 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Osthoff	Simoneau
Anderson, R.	Gruenes	Lasley	Otis	Skoglund
Battaglia	Gutknecht	Lieder	Ozment	Solberg
Bauerly	Hartle	Long	Pappas	Sparby
Beard	Heap	Marsh	Pauly	Stanius
Begich	Hugoson	McDonald	Pelowski	Steensma
Bennett	Jacobs	McEachern	Peterson	Tjornhom
Bertram	Jaros	McKasy	Poppenhagen	Tompkins
Bishop	Jefferson	McLaughlin	Price	Uphus
Blatz	Jennings	Milbert	Quinn	Valento
Brown	Jensen	Minne	Reding	Vanasek
Burger	Johnson, A.	Morrison	Rest	Vellenga
Carlson, D.	Johnson, R.	Murphy	Rice	Voss
Carlson, L.	Johnson, V.	Nelson, C.	Riveness	Wagenius
Carruthers	Kahn	Nelson, D.	Rodosovich	Waltman
Clark	Kalis	Nelson, K.	Rose	Welle
Clausnitzer	Kelly	Neuenschwander	Rukavina	Wenzel
Cooper	Kelso	O'Connor	Sarna	Winter
Dauner	Kinkel	Ogren	Scheid	Wynia
DeBlick	Kludt	Olsen, S.	Schoenfeld	Spk. Norton
Dempsey	Knickerbocker	Olson, E.	Schreiber	
Dorn	Knuth	Olson, K.	Seaberg	
Forsythe	Kostohryz	Omann	Segal	
Frederick	Krueger	Orenstein	Shaver	

Those who voted in the negative were:

Dille	Haukoos	Miller	Redalen	Svigum
Frerichs	McPherson	Onnen	Schafer	Thiede

The bill was passed and its title agreed to.

The Speaker called Long to the Chair.

H. F. No. 242 was reported to the House.

Ogren moved to amend H. F. No. 242, the first engrossment, as follows:

Page 2, line 31, delete "once" and insert "three times"

The motion prevailed and the amendment was adopted.

#### CALL OF THE HOUSE

On the motion of McDonald and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, R.	Bennett	Brown	Clark	Dempsey
Battaglia	Bertram	Burger	Clausnitzer	Dille
Bauerly	Bishop	Carlson, D.	Cooper	Dorn
Beard	Blatz	Carlson, L.	Dauner	Forsythe
Begich	Boo	Carruthers	DeBlick	Frederick

Frerichs	Kinkel	Nelson, C.	Redalen	Stanius
Greenfield	Kludt	Nelson, D.	Reding	Sviggum
Gruenes	Knickerbocker	Nelson, K.	Rest	Swenson
Gutknecht	Knuth	Neuenschwander	Rice	Thiede
Hartle	Kostohryz	O'Connor	Richter	Tjornhom
Haukoos	Krueger	Ogren	Riveness	Tompkins
Heap	Larsen	Olsen, S.	Rodosovich	Trimble
Himle	Lasley	Olson, E.	Rose	Tunheim
Hugoson	Lieder	Olson, K.	Rukavina	Uphus
Jacobs	Long	Omann	Sarna	Valento
Jaros	Marsh	Onnen	Schafer	Vellenga
Jefferson	McDonald	Orenstein	Scheid	Voss
Jennings	McEachern	Osthoff	Schoenfeld	Wagenius
Jensen	McKasy	Pappas	Schreiber	Waltman
Johnson, A.	McLaughlin	Pauly	Seaberg	Welle
Johnson, R.	McPherson	Pelowski	Segal	Wenzel
Johnson, V.	Milbert	Peterson	Shaver	Winter
Kahn	Miller	Poppenhagen	Simoneau	
Kalis	Minne	Price	Skoglund	
Kelly	Morrison	Quinn	Solberg	
Kelso	Murphy	Quist	Sparby	

Voss 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.

McDonald moved to amend H. F. No. 242, the first engrossment, as amended, as follows:

Page 3, after line 5, insert:

“Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on the effective date of federal law enacting substantially the same law as those sections.”

A roll call was requested and properly seconded.

The question was taken on the McDonald amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 47 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Himle	Miller	Redalen
Bennett	Frederick	Hugoson	Morrison	Richter
Blatz	Frerichs	Johnson, V.	Olsen, S.	Rose
Boo	Gruenes	Knickerbocker	Onnen	Schafer
Burger	Gutknecht	Marsh	Ozment	Schreiber
Clausnitzer	Hartle	McDonald	Pauly	Seaberg
Dempsey	Haukoos	McKasy	Poppenhagen	Shaver
Dille	Heap	McPherson	Quist	Stanius

Sviggum Swenson	Tjornhom Tompkins	Uphus Valento	Waltman
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Those who voted in the negative were:

Battaglia	Jaros	Lieder	Orenstein	Simoneau
Bauerly	Jefferson	Long	Osthoff	Skoglund
Beard	Jensen	McEachern	Pappas	Solberg
Begich	Johnson, A.	McLaughlin	Pelowski	Sparby
Bertram	Johnson, R.	Milbert	Peterson	Trimble
Brown	Kahn	Minne	Price	Tunheim
Carlson, D.	Kalis	Munger	Quinn	Vanasek
Carlson, L.	Kelly	Murphy	Reding	Vellenga
Carruthers	Kelso	Nelson, C.	Rest	Voss
Clark	Kinkel	Nelson, K.	Riveness	Wagenius
Cooper	Kludt	Neuenschwander	Rodosovich	Welle
Dauner	Knuth	O'Connor	Rukavina	Wenzel
DeBlicek	Kostohryz	Ogren	Sarna	Winter
Dorn	Krueger	Olson, E.	Scheid	Spk. Norton
Greenfield	Larsen	Olson, K.	Schoenfeld	
Jacobs	Lasley	Omann	Segal	

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

H. F. No. 242, A bill for an act relating to commerce; modifying the maximum finance charge on certain open end credit sales; authorizing additional charges; amending Minnesota Statutes 1986, section 334.16, subdivision 1, 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.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 70 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Battaglia	Jaros	McLaughlin	Osthoff	Simoneau
Bauerly	Jefferson	Milbert	Pappas	Skoglund
Beard	Jensen	Minne	Pelowski	Solberg
Begich	Johnson, A.	Munger	Peterson	Sparby
Brown	Johnson, R.	Murphy	Price	Steensma
Carlson, D.	Kahn	Nelson, C.	Quinn	Trimble
Carlson, L.	Kalis	Nelson, D.	Reding	Tunheim
Carruthers	Kelly	O'Connor	Rice	Uphus
Clark	Kinkel	Ogren	Riveness	Vanasek
Cooper	Knuth	Olsen, S.	Rukavina	Voss
Dauner	Kostohryz	Olson, E.	Sarna	Wenzel
DeBlicek	Larsen	Olson, K.	Scheid	Winter
Greenfield	Lasley	Omann	Schoenfeld	Wynia
Jacobs	McEachern	Orenstein	Segal	Spk. Norton

Those who voted in the negative were:



Anderson, G.	Frederick	Knickerbocker	Ozment	Sviggum
Anderson, R.	Frerichs	Krueger	Pauly	Swenson
Bennett	Gruenes	Lieder	Poppenhagen	Thiede
Bertram	Gutknecht	Long	Quist	Tjornhom
Bishop	Hartle	Marsh	Redalen	Tompkins
Blatz	Haukoos	McDonald	Rest	Valento
Boo	Heap	McKasy	Richter	Vellenga
Burger	Himle	McPherson	Rodosovich	Wagenius
Clausnitzer	Hugoson	Miller	Schafer	Waltman
Dempsey	Jennings	Morrison	Schreiber	Welle
Dille	Johnson, V.	Nelson, K.	Seaberg	
Dorn	Kelso	Neuenschwander	Shaver	
Forsythe	Kludt	Onnen	Stanisus	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Wenzel moved that his name be stricken as an author on H. F. No. 791. The motion prevailed.

Wenzel moved that his name be stricken as an author on H. F. No. 1089. The motion prevailed.

Vanasek moved that the names of Norton and Kostohryz be added as authors on H. F. No. 1607. The motion prevailed.

Clark moved that H. F. No. 1002, now on Technical General Orders, be re-referred to the Committee on Governmental Operations. The motion prevailed.

Johnson, V., moved that H. F. No. 739 be returned to its author. The motion prevailed.

Norton and Kelso introduced:

House Resolution No. 40, A House resolution proclaiming 1987 as the Year of the United Way.

The resolution was referred to the Committee on Rules and Legislative Administration.

Vellenga, Dorn, Pelowski, Solberg and Frederick introduced:

House Resolution No. 41, A House resolution congratulating the Macalester College Debate Team, Paul Benson and Mollie McGinnis, for winning the National Debate Tournament Championship.

The resolution was referred to the Committee on Rules and Legislative Administration.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, April 27, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, April 27, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 27, 1987

The House of Representatives convened at 2:00 p.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Father Tom Radaich, St. Alice Catholic Church, Pequot Lakes, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Frerichs	Larsen	Onnen	Seaberg
Anderson, R.	Greenfield	Lasley	Orenstein	Segal
Battaglia	Gruenes	Lieder	Osthoff	Shaver
Bauerly	Gutknecht	Long	Otis	Simoneau
Beard	Hartle	Marsh	Ozment	Skoglund
Begich	Haukoos	McDonald	Pappas	Solberg
Bennett	Heap	McEachern	Pauly	Sparby
Bertram	Himle	McKasy	Pelowski	Stanius
Bishop	Hugoson	McLaughlin	Peterson	Steensma
Blatz	Jacobs	McPherson	Poppenhagen	Sviggum
Boo	Jaros	Milbert	Price	Swenson
Brown	Jefferson	Miller	Quist	Thiede
Burger	Jennings	Minne	Redalen	Tjornhom
Carlson, D.	Jensen	Morrison	Reding	Tompkins
Carlson, L.	Johnson, A.	Munger	Rest	Trimble
Carruthers	Johnson, R.	Murphy	Rice	Tunheim
Clark	Johnson, V.	Nelson, C.	Richter	Uphus
Clausnitzer	Kahn	Nelson, D.	Riveness	Valento
Cooper	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Voss
DeBlieck	Kelso	O'Connor	Rukavina	Wagenius
Dempsey	Kinkel	Ogren	Sarna	Waltman
Dille	Kludt	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frederick	Krueger	Omann	Schreiber	Wynia
				Spk. Norton

A quorum was present.

Knickerbocker and Vellenga were excused.

Quinn was excused until 3:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 268, 828, 967, 1185, 1467, 1590, 88, 1002, 1392, 196, 226, 307, 403, 1274, 663, 85, 466, 487, 844, 1561, 242 and 945 have been placed in the members' files.

#### REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 21, A bill for an act relating to state employees; permitting direct deposit of pay in financial institutions; amending Minnesota Statutes 1986, section 16A.133, subdivision 1; repealing Minnesota Statutes 1986, section 16A.133, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 21, after "union" insert "or financial institution"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 259, A bill for an act relating to missing children; requiring schools to develop policies on notifying parents whose children are absent from school; requiring that certain documents be provided to schools when new students enroll; proposing coding for new law in Minnesota Statutes, chapter 123.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 2 and insert:

"Sec. 2. [123.752] [DOCUMENTS REQUIRED FOR SCHOOL ADMISSION; REPORTS; IMMUNITY.]

At the time a pupil initially enrolls in a public or nonpublic school, the person in charge of admissions at the school shall request the

parent or guardian to provide a copy of the pupil's birth certificate and to sign a form initiating the transfer of the pupil's education records from the school the pupil most recently attended. If copies of these documents are not provided by the parent or the school most recently attended within four weeks after the request is made to the parent or guardian, the person in charge of the school must inform the local law enforcement agency that the required documents have not been provided and that the pupil may be a missing child. The law enforcement agency shall proceed according to section 299C.53, subdivision 1. A person making a report to a law enforcement agency under this section 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."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 295, A bill for an act relating to traffic regulations; repealing authorization of emergency speed limit by executive order; repealing Minnesota Statutes 1986, section 169.141.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1986, section 169.14, subdivision 2, is amended to read:

Subd. 2. [SPEED LIMITS.] Where no special hazard exists the following speeds shall be lawful, but any speeds in excess of such limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that the speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful:

- (1) 30 miles per hour in an urban district;
- (2) 65 miles per hour in other locations during the daytime on interstate highways outside urbanized areas with a population of 50,000 or more, as determined by the commissioner;
- (3) 55 miles per hour in such other locations during the nighttime other than those specified in clauses (1), (2), and (4);
- (4) ten miles per hour in alleys.

"Daytime" means from a half hour before sunrise to a half hour after sunset, except at any time when due to weather or other conditions there is not sufficient light to render clearly discernible persons and vehicles at a distance of 500 feet. "Nighttime" means at any other hour or at any time when due to weather or other conditions there is not sufficient light to render clearly discernible persons and vehicles at a distance of 500 feet.

Sec. 2. Minnesota Statutes 1986, section 169.99, subdivision 1b, is amended 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~~ 169.14, subdivision 2, clause (3), must specify whether the speed was greater than ten miles per hour in excess of the speed designated under in that section clause.

Sec. 3. Minnesota Statutes 1986, section 171.12, subdivision 6, is amended 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~~ 169.14, subdivision 2, clause (3), unless the violation consisted of a speed greater than ten miles per hour in excess of the lawful speed designated under in that section clause."

Page 1, line 8, delete "Section 1." and insert "Sec. 4."

Delete the title and insert:

"A bill for an act relating to highway traffic regulations; authorizing a 65 mile per hour speed limit on certain interstate highways; specifying speeding violations which are not recorded on permanent driving records; repealing authorization for designation of an emergency speed limit; amending Minnesota Statutes 1986, sections 169.14, subdivision 2; 169.99, subdivision 1b; and 171.12, subdivision 6; repealing Minnesota Statutes 1986, section 169.141."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 384, A bill for an act relating to crimes; reclassifying the crimes of damage to property into degrees, including creating a new gross misdemeanor crime of damage to property; reclassifying the

crimes relating to forgery into degrees, including creating the crime of uttering a forged check; increasing the maximum fine for petty misdemeanor violations; increasing the maximum bail allowable for designated misdemeanor and gross misdemeanor violations; prescribing penalties; amending Minnesota Statutes 1986, sections 609.02, subdivision 4a; 609.224, subdivision 2; 609.52, subdivision 3; 609.595; 609.625; 609.63; 629.47; proposing coding for new law in Minnesota Statutes, chapters 609 and 629.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [PHOTOGRAPHIC NEGATIVES; FILING; DATA CLASSIFICATION.] The department shall file, or contract to file, all photographic negatives obtained in the process of issuing driver licenses or Minnesota identification cards. The negatives shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographic negatives to data subjects. The use of the files is restricted to the issuance and control of driver licenses and for law enforcement purposes in the investigation and prosecution of felonies and violations of section 13, 169.09, 169.121, 169.123, 169.129, 171.22, 171.24, 171.30, or 609.41, 609.487, subdivision 3, or 609.821.

Sec. 2. Minnesota Statutes 1986, section 487.25, subdivision 10, is amended to read:

Subd. 10. [PROSECUTING ATTORNEYS.] Except as otherwise provided by law, violations of state law that are petty misdemeanors or misdemeanors must be prosecuted by the attorney of the statutory or home rule charter city where the violation is alleged to have occurred. The statutory or home rule charter city may enter into an agreement with the county board and the county attorney to provide prosecution services for any criminal offense. All other petty misdemeanors and misdemeanors must be prosecuted by the county attorney of the county in which the alleged violation occurred. All violations of a municipal ordinance, charter provision, rule, or regulation must be prosecuted by the attorney for the governmental unit that promulgated the municipal ordinance, charter provision, rule, or regulation or by the county attorney with whom it has contracted to prosecute these matters.

In the counties of Anoka, Carver, Dakota, Scott, and Washington, violations of state law that are petty misdemeanors, misdemeanors, or gross misdemeanors except as provided in section 388.051, subdivision 2, must be prosecuted by the attorney of the statutory or



home rule charter city where the violation is alleged to have occurred. In addition to those counties, in cities of the first and second class, the city attorney responsible for prosecuting misdemeanor violations of chapter 609 is responsible for prosecuting gross misdemeanor violations of sections 609.52, 609.595, section 13, and 609.821. The statutory or home rule charter city may enter into an agreement with the county board and the county attorney to provide prosecution services for any criminal offense. All other petty misdemeanors, misdemeanors, or gross misdemeanors must be prosecuted by the county attorney of the county in which the alleged violation occurred. All violations of a municipal ordinance, charter provision, rule, or regulation must be prosecuted by the attorney for the governmental unit that promulgated the municipal ordinance, charter provision, rule, or regulation or by the county attorney with whom it has contracted to prosecute these matters.

Sec. 3. Minnesota Statutes 1986, section 609.02, subdivision 4a, is amended to read:

Subd. 4a. [PETTY MISDEMEANOR.] "Petty misdemeanor" means a petty offense which is prohibited by statute, which does not constitute a crime and for which a sentence of a fine of not more than \$100 \$200 may be imposed.

Sec. 4. [609.0331] [INCREASED MAXIMUM PENALTIES FOR PETTY MISDEMEANORS.]

Except as provided in this section, a law of this state that provides, on or after August 1, 1987, for a maximum penalty of \$100 for a petty misdemeanor is considered to provide for a maximum fine of \$200. However, a petty misdemeanor under section 152.15, subdivision 2, clause (5), or chapter 168 or 169 remains subject to a maximum fine of \$100, except that a violation of chapter 168 or 169 that was originally charged as a misdemeanor and is being treated as a petty misdemeanor under section 6 or the rules of criminal procedure is subject to a maximum fine of \$200.

Sec. 5. [609.0332] [INCREASED MAXIMUM PENALTY FOR PETTY MISDEMEANOR ORDINANCE VIOLATIONS.]

Subdivision 1. [INCREASED FINE.] From August 1, 1987, if a state law or municipal charter sets a limit of \$100 or less on the fines that a statutory or home rule charter city, town, county, or other political subdivision may prescribe for an ordinance violation that is defined as a petty misdemeanor, that law or charter is considered to provide that the political subdivision has the power to prescribe a maximum fine of \$200 for the petty misdemeanor violation.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, no fine of more than \$100 may be imposed for a petty misdemeanor ordinance violation which conforms in substantial part to a petty misdemeanor

provision contained in section 152.15, subdivision 2, clause (5), or chapter 168 or 169.

**Sec. 6. [609.131] [CERTIFICATION OF MISDEMEANOR AS PETTY MISDEMEANOR.]**

Subdivision 1. [GENERAL RULE.] Except as provided in subdivision 2, an alleged misdemeanor violation must be treated as a petty misdemeanor if the prosecuting attorney believes that it is in the interest of justice that the defendant not be imprisoned if convicted and certifies that belief to the court at or before the time of arraignment or pretrial hearing, and the court approves of the certification motion. The defendant's consent to the certification is not required. When an offense is certified as a petty misdemeanor under this section, the defendant's eligibility for court-appointed counsel must be evaluated as though the offense were a misdemeanor.

Subd. 2. [CERTAIN VIOLATIONS EXCEPTED.] Subdivision 1 does not apply to a misdemeanor violation of section 169.121, 609.224, 609.324, subdivision 3, 609.52, or 617.23, or an ordinance that conforms in substantial part to any of those sections. A violation described in this subdivision must be treated as a misdemeanor unless the defendant consents to the certification of the violation as a petty misdemeanor.

Subd. 3. [USE OF CONVICTION FOR ENHANCEMENT.] Notwithstanding any other law, a conviction for a violation that was originally charged as a misdemeanor and was treated as a petty misdemeanor under subdivision 1 or the rules of criminal procedure may not be used as the basis for charging a subsequent violation as a gross misdemeanor rather than a misdemeanor.

Sec. 7. Minnesota Statutes 1986, section 609.224, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] (a) Whoever violates the provisions of subdivision 1 against the same victim within five years of a previous conviction under subdivision 1 or sections 609.221 to ~~609.223~~ 609.2231 may be sentenced to imprisonment for not more than one year or to a payment of a fine of not more than \$3,000, or both.

(b) Whoever violates the provisions of subdivision 1 within two years of a previous conviction under subdivision 1 or sections 609.221 to 609.2231 may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 8. Minnesota Statutes 1986, section 609.52, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(1) "Property" means all forms of tangible property, whether real or personal, without limitation including documents of value, electricity, gas, water, corpses, domestic animals, dogs, pets, fowl, and heat supplied by pipe or conduit by municipalities or public utility companies and articles, as defined in clause (4), representing trade secrets, which articles shall be deemed for the purposes of Extra Session Laws 1967, chapter 15 to include any trade secret represented by the article.

(2) "Movable property" is property whose physical location can be changed, including without limitation things growing on, affixed to or found in land.

(3) "Value" means the retail market value at the time of the theft, or if the retail market value cannot be ascertained, the cost of replacement of the property within a reasonable time after the theft, or in the case of a theft or the making of a copy of an article representing a trade secret, where the retail market value or replacement cost cannot be ascertained, any reasonable value representing the damage to the owner which the owner has suffered by reason of losing an advantage over those who do not know of or use the trade secret. For a theft committed within the meaning of subdivision 2, clause (5), (a) and (b), if the property has been restored to the owner, "value" means the value of the use of the property or the damage which it sustained, whichever is greater, while the owner was deprived of its possession, but not exceeding the value otherwise provided herein.

(4) "Article" means any object, material, device or substance, including any writing, record, recording, drawing, sample specimen, prototype, model, photograph, microorganism, blueprint or map, or any copy of any of the foregoing.

(5) "Representing" means describing, depicting, containing, constituting, reflecting or recording.

(6) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(7) "Copy" means any facsimile, replica, photograph or other reproduction of an article, and any note, drawing or sketch made of or from an article while in the presence of the article.

(8) "Property of another" includes property in which the actor is coowner or has a lien, pledge, bailment, or lease or other subordinate interest, and property of a partnership of which the actor is a member, unless the actor and the victim are husband and wife. It does not include property in which the actor asserts in good faith a claim as a collection fee or commission out of property or funds recovered, or by virtue of a lien, set-off, or counterclaim.

(9) "Services" include but are not limited to labor, professional services, transportation services, electronic computer services, the supplying of hotel accommodations, restaurant services, entertainment services, advertising services, telecommunication services, and the supplying of equipment for use.

(10) "Financial transaction card" means any instrument or device, whether known as a credit card, credit plate, charge plate, courtesy card, bank services card, banking card, check guarantee card, debit card, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining credit, money, goods, services, or anything else of value.

Sec. 9. Minnesota Statutes 1986, section 609.52, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING THEFT.] Whoever does any of the following commits theft and may be sentenced as provided in subdivision 3:

(1) intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property; or

(2) having a legal interest in movable property, intentionally and without consent, takes the property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) obtains for the actor or another the possession, custody or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(a) the issuance of a check, draft, or order for the payment of money, except a forged check as defined in section 13, or the delivery of property knowing that the actor is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(b) a promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

(c) the ~~unauthorized use of a financial transaction card, or the number thereof, or other identification device issued by an organization to a person for use in purchasing goods or services on credit; or~~

(d) the preparation or filing of a claim for reimbursement, a rate application, or a cost report used to establish a rate or claim for payment for medical care provided to a recipient of medical assistance under chapter 256B, which intentionally and falsely states the costs of or actual services provided by a vendor of medical care; or

(4) by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person; or

(5) intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and;

(a) the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner; or

(b) the actor pledges or otherwise attempts to subject the property to an adverse claim; or

(c) the actor intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to the finder's own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to the owner; or

(7) intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to the actor's own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally

and without claim of right converts the same to the actor's own use or that of another person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to the defendant from a source other than the owner of the trade secret; or

(9) leases or rents personal property under a written instrument and who with intent to place the property beyond the control of the lessor conceals or aids or abets the concealment of the property or any part thereof, or any lessee of the property who sells, conveys or encumbers the property or any part thereof without the written consent of the lessor, without informing the person to whom the lessee sells, conveys, or encumbers that the same is subject to such lease and with intent to deprive the lessor of possession thereof. Evidence that a lessee used a false or fictitious name or address in obtaining the property or fails or refuses to return the property to lessor within five days after written demand for the return has been served personally in the manner provided for service of process of a civil action or sent by certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to the person at the address for the person set forth in the lease or rental agreement, or, in the absence of the address, to the person's last known place of residence; or

(10) alters, removes or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal or obliteration; or

(11) with the intent to prevent the identification of property involved, so as to deprive the rightful owner of possession thereof, alters or removes any permanent serial number, permanent distinguishing number or manufacturer's identification number on personal property or possesses, sells or buys any personal property with knowledge that the permanent serial number, permanent distinguishing number or manufacturer's identification number has been removed or altered; or

(12) intentionally deprives another of a lawful charge for cable television service by

(i) making or using or attempting to make or use an unauthorized external connection outside the individual dwelling unit whether physical, electrical, acoustical, inductive or other connection, or by

(ii) attaching any unauthorized device to any cable, wire, microwave, or other component of a licensed cable communications system as defined in chapter 238. Nothing herein shall be construed to prohibit the electronic video rerecording of program material transmitted on the cable communications system by a subscriber for fair use as defined by Public Law Number 94-553, section 107; or

(13) except as provided in paragraphs (12) and (14), obtains the services of another with the intention of receiving those services without making the agreed or reasonably expected payment of money or other consideration; or

(14) intentionally deprives another of a lawful charge for telecommunication service by:

(i) making, using, or attempting to make or use an unauthorized connection whether physical, electrical, by wire, microwave, radio or other means to a component of a local telecommunication system as provided in chapter 237; or

(ii) attaching an unauthorized device to a cable, wire, microwave, radio or other component of a local telecommunication system as provided in chapter 237.

The existence of an unauthorized connection is prima facie evidence that the occupier of the premises:

(i) made or was aware of the connection; and

(ii) was aware that the connection was unauthorized; or

(15) with intent to defraud, diverts corporate property other than in accordance with general business purposes or for purposes other than those specified in the corporation's articles of incorporation; or

(16) with intent to defraud, authorizes or causes a corporation to make a distribution in violation of section 302A.551, or any other state law in conformity with it.

Sec. 10. Minnesota Statutes 1986, section 609.52, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] Whoever commits theft may be sentenced as follows:

(1) To imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property or services stolen exceeds \$2,500, or if the property stolen was a controlled substance listed in schedule 1 or 2 pursuant to section 152.02 with the exception of marijuana; or

(2) To imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

(a) the value of the property or services stolen is more than \$250 \$500 but not more than \$2,500; or

(b) if the property stolen was a controlled substance listed in schedule 3, 4, or 5 pursuant to section 152.02; or

(c) the value of the property or services stolen is more than \$200 but not more than \$500 and the person has been convicted within the preceding five years for an offense under this section, section 13, or sections 609.24; 609.245; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; and 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(3) To imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, notwithstanding the value of the property or services stolen is not more than ~~\$250~~ \$200, if any of the following circumstances exist:

(a) The property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(b) The property is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(c) The property is taken from a burning building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(d) The property consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(e) The property is a firearm; or

(4) To imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the property stolen is an article representing a trade secret; or if the property stolen is an explosive or an incendiary device; or

(5) To imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property or services stolen is more than \$200 but not more than \$500; or



(6) In all other cases where the value of the property or services stolen is ~~\$250~~ \$200 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both, provided, however, in any prosecution under clauses (1), (2), (3), (4), and (13) of subdivision 2 the value of the money or property or services received by the defendant in violation of any one or more of the above provisions within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

A peace officer may lawfully arrest a person for a gross misdemeanor violation of section 609.52 without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence.

Sec. 11. Minnesota Statutes 1986, section 609.595, is amended to read:

609.595 [DAMAGE TO PROPERTY.]

Subdivision 1. [~~AGGRAVATED CRIMINAL DAMAGE TO PROPERTY IN THE FIRST DEGREE.~~] Whoever intentionally causes damage to physical property of another without the latter's consent 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, if:

(1) The damage to the property caused a reasonably foreseeable risk of bodily harm; or

(2) The property damaged belongs to a public utility or a common carrier and the damage impairs the service to the public rendered by them; or

(3) The damage reduces the value of the property by more than ~~\$300~~ \$500 measured by the cost of repair and replacement; or

(4) The damage reduces the value of the property by more than \$250 measured by the cost of repair and replacement and the defendant has been convicted within the preceding three years of an offense under this subdivision or subdivision 2.

In any prosecution under clause (3), the value of any property damaged by the defendant in violation of that clause within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in

which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Subd. 2. [CRIMINAL DAMAGE TO PROPERTY IN THE SECOND DEGREE.] (a) Whoever intentionally causes such damage under any other circumstances is guilty of a misdemeanor to another person's physical property without the other person's consent may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the damage reduces the value of the property by more than \$250 but not more than \$500 as measured by the cost of repair and replacement.

(b) In any prosecution under paragraph (a), the value of property damaged by the defendant in violation of that clause within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

(c) A peace officer may lawfully arrest a person for a violation of this subdivision without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence.

Subd. 3. [CRIMINAL DAMAGE TO PROPERTY IN THE THIRD DEGREE.] Whoever intentionally causes damage described in subdivision 2 under any other circumstances is guilty of a misdemeanor.

Sec. 12. Minnesota Statutes 1986, section 609.625, is amended to read:

609.625 [AGGRAVATED FORGERY.]

Subdivision 1. [MAKING OR ALTERING WRITING OR OBJECT.] Whoever, with intent to defraud, falsely makes or alters a writing or object of any of the following kinds so that it purports to have been made by another or by the maker or alterer under an assumed or fictitious name, or at another time, or with different provisions, or by authority of one who did not give such authority, is guilty of aggravated forgery and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both:

(1) a writing or object whereby, when genuine, legal rights, privileges, or obligations are created, terminated, transferred, or evidenced, or any writing normally relied upon as evidence of debt or property rights, other than a check as defined in section 13 or a financial transaction card as defined in section 609.821; or

- (2) an official seal or the seal of a corporation; or
- (3) a public record or an official authentication or certification of a copy thereof; or
- (4) an official return or certificate entitled to be received as evidence of its contents; or
- (5) a court order, judgment, decree, or process; or
- (6) the records or accounts of a public body, office, or officer; or
- (7) the records or accounts of a bank or person, with whom funds of the state or any of its agencies or subdivisions are deposited or entrusted, relating to such funds; or
- (8) a financial transaction card as defined in section 609.52.

Subd. 2. [MEANS FOR FALSE REPRODUCTION.] Whoever, with intent to defraud, makes, engraves, possesses or transfers a plate or instrument for the false reproduction of a writing or object mentioned in subdivision 1, a check as defined in section 13, or a financial transaction card as defined in section 609.821, may be sentenced as provided in subdivision 1.

Subd. 3. [UTTERING OR POSSESSING.] Whoever, with intent to defraud, utters or possesses with intent to utter any forged writing or object mentioned in subdivision 1, not including a check as defined in section 13 or a financial transaction card as defined in section 609.821, knowing it to have been so forged, may be sentenced as provided in subdivision 1.

Sec. 13. [609.631] [CHECK FORGERY; OFFERING A FORGED CHECK.]

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

(b) "Check" means a check, draft, order of withdrawal, or similar negotiable or nonnegotiable instrument.

(c) "Property" and "services" have the meanings given in section 609.52.

Subd. 2. [CHECK FORGERY; ELEMENTS.] A person who, with intent to defraud, falsely makes or alters a check so that it purports to have been made by another or by the maker under an assumed or fictitious name, or at another time, or with different provisions, or by the authority of one who did not give authority, is guilty of check forgery and may be sentenced as provided in subdivision 4.

Subd. 3. [OFFERING A FORGED CHECK; ELEMENTS.] A person who, with intent to defraud, offers, or possesses with intent to offer, a forged check, whether or not it is accepted, is guilty of offering a forged check and may be sentenced as provided in subdivision 4.

Subd. 4. [SENTENCING.] A person who is convicted under subdivision 2 or 3 may be sentenced as follows:

(1) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$2,500 or the aggregate amount of the forged check or checks is more than \$2,500;

(2) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

(a) the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$200 but not more than \$2,500, or the aggregate face amount of the forged check or checks is more than \$200 but not more than \$2,500; or

(b) the forged check or checks are used to obtain or in an attempt to obtain, property or services of no more than \$200, or have an aggregate face value of no more than \$200, and the person has been convicted within the preceding five years for an offense under this section, sections 609.24; 609.245; 609.52; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; or 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; and

(3) to imprisonment for not more than one year or to a fine of not more than \$3,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of no more than \$200, or the aggregate face amount of the forged check or checks is no more than \$200.

In any prosecution under this subdivision, the value of the checks forged or offered by the defendant in violation of this subdivision within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the checks was forged or offered for all of the offenses aggregated under this paragraph.

A peace officer may lawfully arrest a person for a gross misdemeanor violation of this section without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence.

Sec. 14. Minnesota Statutes 1986, section 609.821, subdivision 1, is amended to read:

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

(a) "Financial transaction card" or "card" has the meaning given in ~~section 609.52~~ means any instrument or device, whether known as a credit card, credit plate, charge plate, courtesy card, bank services card, banking card, check guarantee card, debit card, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining credit, money, goods, services, or anything else of value, and includes the account or identification number or symbol of a financial transaction card.

(b) "Cardholder" means a person in whose name a card is issued.

(c) "Issuer" means a person or firm, or a duly authorized agent, that issues a financial transaction card.

(d) "Property" includes money, goods, services, or anything else of value.

Sec. 15. Minnesota Statutes 1986, section 609.821, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS; PENALTIES.] A person who does any of the following commits financial transaction card fraud:

(1) without the consent of the cardholder, and knowing that the cardholder has not given consent, uses or attempts to use a card to obtain the property of another;

(2) uses or attempts to use a card knowing it to be forged, false, fictitious, or obtained in violation of clause (6);

(3) sells or transfers a card knowing that the cardholder and issuer have not authorized the person to whom the card is sold or transferred to use the card, or that the card is forged, false, fictitious, or was obtained in violation of clause (6);

(4) without a legitimate business purpose, and without the consent of the cardholders, receives or possesses, with intent to use, or with intent to sell or transfer in violation of clause (3), two or more cards issued in the name of another, or two or more cards knowing

the cards to be forged, false, fictitious, or obtained in violation of clause (6);

(5) being authorized by an issuer to furnish money, goods, services, or anything else of value, knowingly and with an intent to defraud the issuer or the cardholder:

(i) furnishes money, goods, services, or anything else of value upon presentation of a financial transaction card knowing it to be forged, expired, or revoked, or knowing that it is presented by a person without authority to use the card; or

(ii) represents in writing to the issuer that the person has furnished money, goods, services, or anything else of value which has not in fact been furnished;

(6) upon applying for a financial transaction card to an issuer:

(i) knowingly gives a false name or occupation; or

(ii) knowingly and substantially overvalues assets or substantially undervalues indebtedness for the purpose of inducing the issuer to issue a financial transaction card; or

(7) with intent to defraud, falsely notifies the issuer or any other person of a theft, loss, disappearance, or nonreceipt of a financial transaction card; or

(8) without the consent of the cardholder and knowing that the cardholder has not given consent, falsely alters, makes, or signs any written document pertaining to a card transaction to obtain or attempt to obtain the property of another.

Sec. 16. Minnesota Statutes 1986, section 609.821, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] A person who commits financial transaction card fraud may be sentenced as follows:

(1) for a violation of clause (1), (2) ~~or~~, (5), or (8) of subdivision 2, ~~in the manner provided in section 609.52, subdivision 3;~~

(i) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$2,500, or the aggregate amount of the transactions under this subdivision was more than \$2,500; or

(ii) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the property

the person obtained or attempted to obtain was more than \$200 but not more than \$2,500, or the aggregate amount of the transactions under this subdivision was more than \$200 but not more than \$2,500; or

(iii) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the property the person obtained or attempted to obtain was not more than \$200, or the aggregate amount of the transactions under this subdivision was not more than \$200, and the person has previously been convicted within the preceding five years for an offense under this section, sections 609.24; 609.245; 609.52; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; or section 13, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(iv) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property the person obtained or attempted to obtain was not more than \$200, or the aggregate amount of the transactions under this subdivision was not more than \$200; and

(v) in any prosecution under clauses (i) to (iv) of this subdivision, the value of the transactions made or attempted within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the card transactions occurred for all of the transactions aggregated under this paragraph;

(2) for a violation of clause (3) or (4) of subdivision 2, to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both; or

(3) for a violation of clause (6) or (7) of subdivision 2;

(a) (i) if no property, other than a financial transaction card, has been obtained by the defendant by means of the false statement or false report, to imprisonment for not more than 90 days one year or to payment of a fine of not more than ~~\$300~~ \$3,000, or both; or

(b) (ii) if property, other than a financial transaction card, is so obtained, in the manner provided in section 609.52, subdivision 3 clause (1) of this subdivision.

Sec. 17. Minnesota Statutes 1986, section 626A.05, subdivision 2, is amended to read:

Subd. 2. [OFFENSES FOR WHICH INTERCEPTION OF WIRE OR ORAL COMMUNICATION MAY BE AUTHORIZED.] A warrant authorizing interception of wire or oral communications by investigative or law enforcement officers may only be issued when the interception may provide evidence of the commission of gambling or any criminal felony offense involving murder, manslaughter, aggravated assault, aggravated robbery, kidnapping, aggravated rape, prostitution, bribery, perjury, escape from custody, theft, receiving stolen property, embezzlement, burglary, forgery, aggravated forgery, check forgery, financial transaction card fraud, and offenses relating to controlled substances, or an attempt or conspiracy to commit any of these offenses, as punishable under sections 609.185, 609.19, 609.195, 609.20, 609.225, 609.245, 609.25, 609.291, 609.321 to 609.324, 609.42, 609.48, 609.485, subdivision 4, clause (1), 609.52, 609.53, 609.54, 609.58, 609.625, 609.63, section 13, 609.76, 609.821, 609.825, and chapter 152.

Sec. 18. Minnesota Statutes 1986, section 629.47, is amended to read:

**629.47 [HEARING OR TRIAL ADJOURNED; RECOGNIZANCE ALLOWED.]**

Subject to the right of the accused to a speedy trial as prescribed by the rules of criminal procedure, a court may adjourn a hearing or trial from time to time, as the need arises and reconvene it at the same or a different place in the county. During the adjournment, the person being tried may be released in accordance with rule 6.02 of the rules of criminal procedure. The maximum cash bail that may be required for a person charged with a misdemeanor is double the highest cash fine which may be imposed for the offense.

**Sec. 19. [629.471] [MAXIMUM BAIL ON MISDEMEANORS; GROSS MISDEMEANORS.]**

Subdivision 1. [DOUBLE THE FINE.] Except as provided in subdivision 2, the maximum cash bail that may be required for a person charged with a misdemeanor or gross misdemeanor offense is double the highest cash fine that may be imposed for that offense.

Subd. 2. [QUADRUPLE THE FINE.] For offenses under sections 169.09, 169.121, 169.129, 518B.01, 609.2231, subdivision 2, 609.224, 609.487, and 609.525, the maximum cash bail that may be required for a person charged with a misdemeanor or gross misdemeanor violation is quadruple the highest cash fine that may be imposed for the offense.

**Sec. 20. [REVISOR'S INSTRUCTION.]**

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall change laws that provide for a maximum



fine of \$100 as a penalty for a petty misdemeanor violation to provide for a maximum fine of \$200. The change must be consistent with sections 3 and 4. The maximum fines for a petty misdemeanor under section 152.15, subdivision 2, clause (5), and chapters 168 and 169, must remain \$100 and must not be changed under this section.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 19 are effective August 1, 1987, 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 prosecution of certain gross misdemeanor violations; increasing the maximum fine for petty misdemeanor violations; creating a gross misdemeanor crime of damage to property; creating the crimes of check forgery and offering a forged check; increasing the maximum bail for certain misdemeanors and gross misdemeanors; prescribing penalties; amending Minnesota Statutes 1986, sections 171.07, subdivision 1a; 487.25, subdivision 10; 609.02, subdivision 4a; 609.224, subdivision 2; 609.52, subdivisions 1, 2, and 3; 609.595; 609.625; 609.821, subdivisions 1, 2, and 3; 626A.05, subdivision 2; and 629.47; proposing coding for new law in Minnesota Statutes, chapters 609 and 629."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 438, A bill for an act relating to human services; authorizing the commissioner of human services to establish a study committee on problems of elderly persons with mental retardation or related conditions.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 516, A bill for an act relating to human services; creating the office of ombudsman for mental health; defining terms; estab-

lishing the office of ombudsman; providing for the powers and duties of the ombudsman; creating the ombudsman committee; creating the mental health board; requiring reporting of abuse and neglect to the ombudsman for mental health; amending Minnesota Statutes 1986, sections 13.66; 626.556, subdivision 10, and by adding a subdivision; and 626.557, subdivision 11, and 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 1986, section 13.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) “Individual” means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) “Program” includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law.

(c) “Welfare system” includes the department of human services, county welfare boards, county welfare agencies, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) “Mental health data” means data on individual clients and patients of community mental health centers, established under section 245.62, ~~or~~ mental health divisions of counties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

Sec. 2. [245.91] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 2 to 8, the following terms have the meanings given them.

Subd. 2. [MENTAL HEALTH OR MENTAL RETARDATION AGENCY.] “Mental health or mental retardation agency” or “agency” means the divisions, officials, or employees of the state departments of human services and health, that are engaged in monitoring, providing, or regulating services to mental health or

mental retardation clients. It does not include a political subdivision of the state.

Subd. 3. [MENTAL HEALTH OR MENTAL RETARDATION CLIENT.] "Mental health or mental retardation client" or "client" means a patient, resident, or other person served by a mental health or mental retardation agency or facility, who is receiving residential treatment for mental illness, mental retardation, chemical dependency, or emotional disturbance.

Subd. 4. [MENTAL HEALTH OR MENTAL RETARDATION FACILITY.] "Mental health or mental retardation facility" or "facility" means a regional center operated by the commissioner of human services, a residential facility as defined in section 245.782, subdivision 6, that is required to be licensed by the commissioner of human services, and an acute care inpatient facility, that provides treatment for mental illness, mental retardation, chemical dependency, or emotional disturbance.

Subd. 5. [REGIONAL CENTER.] "Regional center" means a regional center as defined in section 253B.02, subdivision 18.

Sec. 3. [245.92] [OFFICE OF OMBUDSMAN; CREATION; QUALIFICATIONS; FUNCTION.]

The ombudsman for mental health and mental retardation shall promote the highest attainable standards of treatment, competence, efficiency, and justice for people receiving care or treatment for mental illness, mental retardation, chemical dependency, or emotional disturbance. The ombudsman may gather information about decisions, acts, and other matters of an agency or facility. The ombudsman serves at the pleasure of the governor in the unclassified service and is accountable to the governor. The ombudsman must be selected without regard to political affiliation and must be a person who has knowledge and experience concerning the treatment, needs, and rights of mental health and mental retardation clients, and who is highly competent and qualified. No person may serve as ombudsman while holding another public office.

Sec. 4. [245.93] [ORGANIZATION OF OFFICE OF OMBUDSMAN.]

Subdivision 1. [STAFF.] The ombudsman may appoint a deputy and a confidential secretary in the unclassified service and may appoint other employees as authorized by the legislature. The ombudsman and the full-time staff are members of the Minnesota state retirement association.

Subd. 2. [ADVOCACY.] The function of mental health and mental retardation client advocacy in the department of human services is transferred to the office of ombudsman according to section 15.039.

The ombudsman shall maintain at least one client advocate in each regional center.

Subd. 3. [DELEGATION.] The ombudsman may delegate to members of the staff any authority or duties of the office except the duty of formally making recommendations to an agency or facility or reports to the governor or the legislature.

Sec. 5. [245.94] [POWERS OF OMBUDSMAN; REVIEWS AND EVALUATIONS; RECOMMENDATIONS.]

Subdivision 1. [POWERS.] (a) The ombudsman may prescribe the methods by which complaints to the office are to be made, reviewed, and acted upon. The ombudsman may not levy a complaint fee.

(b) The ombudsman may mediate or advocate on behalf of a client.

(c) At the request of a client, or upon receiving a complaint or other information affording reasonable grounds to believe that the rights of a client who is not capable of requesting assistance have been adversely affected, the ombudsman may gather information about and analyze, on behalf of the client, the actions of an agency or facility.

(d) The ombudsman may examine, on behalf of a client, records of an agency or facility to which the client is entitled to access if the records relate to a matter that is within the scope of the ombudsman's authority. If the records are private and confidential and the client is capable of providing consent, the ombudsman shall first obtain the client's consent.

(e) The ombudsman may, at reasonable times in the course of conducting a review, enter and view premises within the control of an agency or facility.

(f) The ombudsman may attend department of human services review board and special review board proceedings; proceedings regarding the transfer of patients or residents, as defined in section 246.50, subdivisions 4 and 4a, between institutions operated by the department of human services; and, subject to the consent of the affected patient or resident, other proceedings affecting the rights of residents or patients.

(g) To avoid duplication and preserve evidence, the ombudsman shall inform relevant licensing or regulatory officials before undertaking a review of an action of the facility.

(h) Sections 2 to 8 are in addition to other provisions of law under which any other remedy or right is provided.

Subd. 2. [MATTERS APPROPRIATE FOR REVIEW.] (a) In selecting matters for review by the office, the ombudsman shall give particular attention to unusual deaths or injuries of a client served by an agency or facility, or actions of an agency or facility that:

- (1) may be contrary to law or rule;
- (2) may be unreasonable, unfair, oppressive, or inconsistent with a policy or order of an agency or facility;
- (3) may be mistaken in law or arbitrary in the ascertainment of facts;
- (4) may be unclear or inadequately explained, when reasons should have been revealed;
- (5) may result in abuse or neglect of a person receiving treatment;  
or
- (6) may disregard the rights of a client or other individual served by an agency or facility.

(b) The ombudsman shall, in selecting matters for review and in the course of the review, avoid duplicating other investigations or regulatory efforts.

Subd. 3. [COMPLAINTS.] The ombudsman may receive a complaint from any source concerning an action of an agency or facility. After completing a review, the ombudsman shall inform the complainant and the agency or facility. No client may be punished nor may the general condition of the client's treatment be unfavorably altered as a result of a complaint by the client or by another person on the client's behalf.

Subd. 4. [RECOMMENDATIONS TO AGENCY.] (a) If, after reviewing a complaint and considering the response of an agency or facility and any other pertinent material, the ombudsman determines that the complaint has merit, the ombudsman may recommend that the agency or facility:

- (1) consider the matter further;
- (2) modify or cancel its actions;
- (3) alter a rule, order, or internal policy;
- (4) explain more fully the action in question; or
- (5) take any other action the ombudsman recommends to the agency or facility involved.

(b) At the ombudsman's request, the agency or facility shall, within a reasonable time, inform the ombudsman about the action taken on the recommendation or the reasons for not complying with it.

Sec. 6. [245.95] [RECOMMENDATIONS AND REPORTS TO GOVERNOR.]

Subdivision 1. [SPECIFIC REPORTS.] The ombudsman may send conclusions and suggestions concerning any matter reviewed to the governor. Before making public a conclusion or recommendation that expressly or implicitly criticizes an agency or facility or any person, the ombudsman shall consult with the governor and the agency, facility, or person concerning the conclusion or recommendation. When sending a conclusion or recommendation to the governor that is adverse to an agency or facility or any person, the ombudsman shall include any statement of reasonable length made by that agency, facility, or person in defense or mitigation of the office's conclusion or recommendation.

Subd. 2. [GENERAL REPORTS.] In addition to whatever conclusions or recommendations the ombudsman may make to the governor on an ad hoc basis, the ombudsman shall at the end of each year report to the governor concerning the exercise of the ombudsman's functions during the preceding year.

Sec. 7. [245.96] [CIVIL ACTIONS.]

The ombudsman and the ombudsman's designated representatives are not civilly liable for any action taken under sections 2 to 8 if the action was taken in good faith, was within the scope of the ombudsman's authority, and did not constitute willful or reckless misconduct.

Sec. 8. [245.97] [OMBUDSMAN COMMITTEE.]

Subdivision 1. [MEMBERSHIP.] The ombudsman committee consists of 15 members appointed by the governor to three-year terms. Members shall be appointed on the basis of their knowledge of and interest in the health and human services system subject to the ombudsman's authority. In making the appointments, the governor shall try to ensure that the overall membership of the committee adequately reflects the agencies, facilities, and programs within the ombudsman's authority and that members include consumer representatives, including clients, former clients, and relatives of present or former clients; representatives of advocacy organizations for clients and other individuals served by an agency or facility; human services and health care professionals, including specialists in psychiatry, psychology, internal medicine, and forensic pathology; and other providers of services to mental health or mental retardation clients or other individuals served by an agency or facility.

Subd. 2. [COMPENSATION; CHAIR.] Members do not receive compensation, but are entitled to receive reimbursement for reasonable and necessary expenses incurred. The governor shall designate one member of the committee to serve as its chair at the pleasure of the governor.

Subd. 3. [MEETINGS.] The committee shall meet at least four times a year at the request of its chair or the ombudsman.

Subd. 4. [DUTIES.] The committee shall advise and assist the ombudsman in selecting matters for attention; developing policies, plans, and programs to carry out the ombudsman's functions and powers; and making reports and recommendations for changes designed to improve standards of competence, efficiency, justice, and protection of rights. The committee shall function as an advisory body.

Subd. 5. [MEDICAL REVIEW SUBCOMMITTEE.] At least five members of the committee, including at least three physicians, one of whom is a psychiatrist, must be designated by the governor to serve as a medical review subcommittee. Terms of service, vacancies, and compensation are governed by subdivision 2. The governor shall designate one of the members to serve as chair of the subcommittee. The medical review subcommittee may:

(1) make a preliminary determination of whether the death of a client that has been brought to its attention is unusual or reasonably appears to have resulted from causes other than natural causes and warrants investigation;

(2) review the causes of and circumstances surrounding the death;

(3) request the county coroner or medical examiner to conduct an autopsy;

(4) assist an agency in its investigations of unusual deaths and deaths from causes other than natural causes; and

(5) submit a report regarding the death of a client to the committee, the ombudsman, the client's next-of-kin, and the facility where the death occurred and, where appropriate, make recommendations to prevent recurrence of similar deaths to the head of each affected agency or facility.

Subd. 6. [TERMS, COMPENSATION, AND REMOVAL.] The membership terms, compensation, and removal of members of the committee and the filling of membership vacancies are governed by section 15.0575.

Sec. 9. Minnesota Statutes 1986, section 626.556, subdivision 9, is amended to read:

Subd. 9. [MANDATORY REPORTING TO A MEDICAL EXAMINER OR CORONER.] When a person required to report under the provisions of subdivision 3 knows or has reason to believe a child has died as a result of neglect or physical or sexual abuse, the person shall report that information to the appropriate medical examiner or coroner instead of the local welfare agency, police department or county sheriff. Medical examiners or coroners shall notify the local welfare agency or police department or county sheriff in instances in which they believe that the child has died as a result of neglect or physical or sexual abuse. The medical examiner or coroner shall complete an investigation as soon as feasible and report the findings to the police department or county sheriff and the local welfare agency. If the child was receiving residential treatment for mental illness, mental retardation, chemical dependency, or emotional disturbance from a mental health or mental retardation agency or facility as defined in section 2, the medical examiner or coroner shall also notify and report findings to the ombudsman for mental health and mental retardation.

Sec. 10. Minnesota Statutes 1986, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A REPORT.] (a) If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, the local welfare agency shall immediately conduct an assessment and offer protective social services for purposes of preventing further abuses, safeguarding and enhancing the welfare of the abused or neglected minor, and preserving family life whenever possible. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a mental health or mental retardation client, as defined in section 2, has been the subject of physical abuse or neglect at a mental health or mental retardation agency or facility, as defined in section 2, it shall, in addition to its other duties under this section, immediately inform the ombudsman for mental health and mental retardation.

(c) Authority of the local welfare agency responsible for assessing the child abuse report and of the local law enforcement agency for investigating the alleged abuse includes, but is not limited to, authority to interview, without parental consent, the alleged victim



and any other minors who currently reside with or who have resided with the alleged perpetrator. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found and may take place outside the presence of the perpetrator or parent, legal custodian, guardian, or school official. Except as provided in this clause, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 49.02 of the Minnesota rules of procedure for juvenile courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under paragraph (c), and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(e) (d) When the local welfare or local law enforcement agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the county welfare board or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded. Until that time, the local welfare or law enforcement agency shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged perpetrator is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement

agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(d) (e) Where the perpetrator or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the perpetrator or any person responsible for the child's care at reasonable places and times as specified by court order.

(e) (f) Before making an order under paragraph (d), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(f) (g) The commissioner, the ombudsman for mental health and mental retardation, the local welfare agencies responsible for investigating reports, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

Sec. 11. Minnesota Statutes 1986, section 626.557, subdivision 9, is amended to read:

Subd. 9. [MANDATORY REPORTING TO A MEDICAL EXAMINER OR CORONER.] A person required to report under the provisions of subdivision 3 who has reasonable cause to believe that a vulnerable adult has died as a direct or indirect result of abuse or neglect shall report that information to the appropriate medical examiner or coroner in addition to the local welfare agency, police department, or county sheriff or appropriate licensing agency or agencies. The medical examiner or coroner shall complete an investigation as soon as feasible and report the findings to the police department or county sheriff, the local welfare agency, and, if applicable, each licensing agency. A person or agency that receives

a report under this subdivision concerning a vulnerable adult who was receiving residential treatment for mental illness, mental retardation, chemical dependency, or emotional disturbance from a mental health or mental retardation agency or facility as defined in section 2, shall also report the information and findings to the ombudsman for mental health and mental retardation.

Sec. 12. [INITIAL APPOINTMENTS.]

Notwithstanding section 8, the governor shall appoint the initial members of the ombudsman committee as follows:

- (1) five members to one-year terms;
- (2) five members to two-year terms; and
- (3) five members to three-year terms."

Delete the title and insert:

"A bill for an act relating to human services; creating the office of ombudsman for mental health and mental retardation; providing for the powers and duties of the ombudsman; creating a medical review board; requiring reporting of abuse and neglect to the ombudsman for mental health and mental retardation; amending Minnesota Statutes 1986, sections 13.46, subdivision 1; 626.556, subdivisions 9 and 10; and 626.557, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 245."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 529, A bill for an act relating to taxation; individual income, updating provisions to the Internal Revenue Code of 1986; eliminating or simplifying certain modifications, exclusions, deductions, credits, carryovers, and basis adjustments; reducing income tax rates; defining terms; making technical corrections and administrative changes; appropriating money; amending Minnesota Statutes 1986, sections 10A.31, subdivisions 1, 3, and by adding a subdivision; 16A.275; 290.01, subdivisions 7, 19, 20, and by adding subdivisions; 290.032, subdivisions 1 and 2; 290.06, subdivisions 2c and 2d; 290.067, subdivision 1; 290.077, subdivision 1; 290.081; 290.091, subdivisions 1 and 4; 290.095, subdivisions 9 and 11; 290.10; 290.12, by adding a subdivision; 290.131, by adding a subdivision; 290.134, by adding a subdivision; 290.14; 290.15; 290.16, subdivision 1a; 290.17, subdivision 2; 290.23, subdivisions 3

and 5; 290.31, subdivisions 2, 3, 5, and by adding a subdivision; 290.37, subdivisions 1 and 3; 290.38; 290.39, subdivision 3; 290.431; 290.45, subdivisions 1 and 2; 290.48, subdivision 10; 290.491; 290.92, subdivisions 2a, 4a, 5, 5a, and 6; 290.93, subdivision 10; 290.9726, subdivisions 1, 2, and 4; and 290.974; repealing Minnesota Statutes 1986, sections 290.01, subdivisions 20a, 20b, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.067, subdivisions 2, 3, 4, and 5; 290.077, subdivision 3; 290.079; 290.08; 290.085; 290.088; 290.089; 290.09; 290.091, subdivisions 2 and 3; 290.12, subdivision 4; 290.139; 290.17, subdivision 1a; 290.18, subdivision 2; and 290.9726, subdivisions 3, 5, and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## “ARTICLE 1

### INCOME TAX

Section 1. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 6a. [ABODE.] For purposes of section 290.01, subdivision 7, the term “abode” means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual’s spouse.

Sec. 2. Minnesota Statutes 1986, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] (a) The term “resident” means

(1) any individual domiciled in Minnesota and any other individual maintaining an abode therein during any portion of the tax year who shall not, during the whole of such tax year, have been domiciled outside the state, except that an individual is not a resident for the period of time that the individual is a “qualified individual” as defined in section 911(d)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1986 unless during the period the individual is a qualified individual a Minnesota homestead application is filed for property in which the individual has an interest; and

(2) an individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual is in the armed forces of the United States.

(b) For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

Sec. 3. Minnesota Statutes 1986, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the gross federal taxable income, as defined in subdivision 20, less the following deductions to the extent allowed by section 290.18, subdivision 1:

(a) for corporations, the deductions allowed by section 290.09;

(b) for individuals, the deductions allowed in section 290.088, without regard to sections 290.18, subdivision 1 if the taxpayer elects to compute the taxes under sections 290.06, subdivision 2e, paragraph (a) or (c); 290.089; and 290.09; and

(c) for estates and trusts, the deduction allowed by section 290.088, without regard to section 290.18, subdivision 1 if the taxpayer elects to compute the taxes under section 290.06, subdivision 2e, paragraph (e) section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, with the modifications provided in subdivisions 19a to 19f.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19f mean the code in effect for purposes of determining net income for the applicable year.

Sec. 4. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there must be added to federal taxable income:

(1) interest income on obligations of any state other than Minnesota or a political subdivision of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute and including exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1986 unless the exempt-interest dividends were derived solely from tax exempt interest income on obligations of the state of Minnesota or its political subdivisions; and

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition shall not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code.

Sec. 5. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there must be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability and the amount of any credit received under chapter 290A, whether received as a refund or credit to another taxable year's income tax liability; and

(3) the amount paid to others not to exceed \$650 for each dependent in grades K to 6 and \$1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code of 1986, as amended through December 31, 1986.

Sec. 6. Minnesota Statutes 1986, section 290.01, subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] For taxable years beginning before January 1, 1987, except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

For tax years beginning after December 31, 1986, the term "gross income" means the gross income as defined in section 61 of the Internal Revenue Code of 1986, as amended through the date named in subdivision 19 for the applicable taxable year, plus any additional items of income taxable under this chapter but not taxable under federal law, less any items of a character exempt from state income tax under the federal law.

For tax years beginning before January 1, 1987, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in Minnesota Statutes 1986, section 290.01, subdivisions 20a to 20f.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, Public Law Number 96-223. The provisions of Public Law Number 96-471 (relating to installment sales) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they become effective for federal income tax purposes.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. The provisions of sections 205(a), 214 to 222, 231, 232, 236, 247, 251, 252, 253, 265, 266, 285, 288, and 335 of

the Tax Equity and Fiscal Responsibility Act of 1982, Public Law Number 97-248, section 6(b)(2) and (3) of the Subchapter S Revision Act of 1982, Public Law Number 97-354, section 517 of Public Law Number 97-424, sections 101(c) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(c), 104(b)(3), 105, 305(d), 306(a)(9) of Public Law Number 97-448, and sections 101 and 102 of Public Law Number 97-473, and section 243 of the Tax Reform Act of 1986, Public Law Number 99-514 shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

(iii) (ii) The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982. The provisions of sections 905, 1708, and 1879(m) of the Tax Reform Act of 1986, Public Law Number 99-514 shall be effective at the same time that they become effective for federal income tax purposes.

(iv) (iii) The Internal Revenue Code of 1954, as amended through December 31, 1983, shall be in effect for taxable years beginning after December 31, 1983. The provisions of sections 13, 17, 25(b), 31, 32, 41 to 43, 52, 55, 56, 71 to 74, 77, 81, 82, 91, 92, 94, 101 to 103, 105 to 108, 111 to 113, 147(c), 171, 172, 174, 175, 179(a), 221, 223, 224, 421(b), 432, 481, 491, 512, 522 to 524, 554 to 557, 561, 611(a), 621 to 623, 626 to 628, 711(c), 712(d), 713(b), (e), (g), and (h), 721(a), (b), (d), (g), (i), (o), (p), (r), (t), and (w), 722(e), 1001, 1026, 1061 to 1064, 1066, 1076, 1078, and 2638(b) of the Deficit Reduction Act of 1984, Public Law Number 98-369, and section 1 of Public Law Number 98-611, and sections 1801, 1802, 1805 to 1809, 1812, 1842, 1853 to 1855, 1866, 1869 to 1873, 1875, and 1878(g) and (h) of the Tax Reform Act of 1986, Public Law Number 99-514 shall be effective at the same time that they become effective for federal income tax purposes.

(v) (iv) The Internal Revenue Code of 1954, as amended through May 25, 1985, shall be in effect for taxable years beginning after December 31, 1984. The provisions of sections 101, 102, 103, 201, and 202 of Public Law Number 99-121 and sections 402, 403, 1803, 1804, 1852, and 1861 of the Tax Reform Act of 1986, Public Law Number 99-514 shall be effective at the same time that they become effective for federal income tax purposes.

(vi) (v) The Internal Revenue Code of 1954, as amended through December 31, 1985, shall be in effect for taxable years beginning after December 31, 1985.

The provisions of sections 121 to 123, 201, 202, 241, 401, 405, 411 to 413, 653, 654, 804, 811, 822, 1001, 1003, 1122, 1162, 1164, 1166, 1301, 1401, 1402, 1707, 1826, 1827, 1843, 1867, 1868, 1879(f), and 1895 of the Tax Reform Act of 1986, Public Law Number 99-514,



shall be effective at the same time that they become effective for federal income tax purposes.

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, 20e, and 20f mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 7. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 29. [REFERENCES TO THE INTERNAL REVENUE CODE.] Except when inappropriate, a reference in this chapter (1) to the Internal Revenue Code of 1954 includes a reference to the Internal Revenue Code of 1986, and (2) to the Internal Revenue Code of 1986 includes a reference to the provisions of law formerly known as the Internal Revenue Code of 1954.

Sec. 8. Minnesota Statutes 1986, section 290.032, subdivision 1, is amended to read:

Subdivision 1. There is hereby imposed as an addition to the annual income tax for a taxable year of a taxpayer in the classes described in section 290.03 a tax with respect to any distribution received by such taxpayer that is treated as a lump sum distribution under section 402(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986, and that is subject to tax for such taxable year under section 402(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986.

Sec. 9. Minnesota Statutes 1986, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986, except that the initial separate tax shall be an amount equal to ~~ten~~ five times the tax which would be imposed by section 290.06, subdivision 2c, if the recipient was an unmarried individual electing to deduct federal income taxes, and the taxable net income, ~~excluding the credits allowed in section 290.06, subdivision 3f,~~ was an amount equal to ~~one-tenth~~ one-fifth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986, to paragraph (I)(A) thereof shall instead be references to subdivision 1 of this section.

The amount of any distribution from a qualified pension or profit-sharing plan which is received as a lump sum distribution shall be reduced to the extent of any contribution:

(1) not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota for a taxable year beginning in 1974 or thereafter; or

(2) designated as an employee contribution but which the employing unit picks up and which is treated as an employer contribution and which was taxed on the Minnesota return but not the federal return in the year the contribution was made.

Sec. 10. Minnesota Statutes 1986, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns who elect to deduct federal income taxes under section 290.088 must be computed by applying to their taxable net income the following schedule of rates:

If taxable net income is:	The tax is:
not over \$875	1.5 percent
over \$875 but not over \$1,750	\$13 plus 2.0 percent of the excess over \$875
over \$1,750 but not over \$3,500	\$31 plus 2.9 percent of the excess over \$1,750
over \$3,500 but not over \$5,375	\$81 plus 4.8 percent of the excess over \$3,500
over \$5,375 but not over \$7,000	\$171 plus 5.9 percent of the excess over \$5,375
over \$7,000 but not over \$7,125	\$267 plus 6.1 percent of the excess over \$7,000
over \$7,125 but not over \$8,875	\$275 plus 7.2 percent of the excess over \$7,125
over \$8,875 but not over \$12,375	\$401 plus 8.3 percent of the excess over \$8,875
over \$12,375 but not over \$14,000	\$691 plus 9.3 percent of the excess over \$12,375
over \$14,000 but not over \$16,000	\$842 plus 10 percent of the excess over \$14,000
over \$16,000 but not over \$21,500	\$1,042 plus 11 percent of the excess over \$16,000
over \$21,500 but not over \$22,125	\$1,647 plus 11.3 percent of the excess over \$21,500
over \$22,125 but not over \$25,500	\$1,718 plus 12.3 percent of the excess over \$22,125
over \$25,500 but not over \$28,500	\$2,133 plus 12.6 percent of the excess over \$25,500
over \$28,500 but not over \$31,750	\$2,511 plus 13.7 percent of the excess over \$28,500
over \$31,750	\$2,957 plus 14.0 percent of the excess over \$31,750

(b) The income taxes imposed by this chapter upon all other married individuals filing joint returns must be computed by applying to their taxable net income the following schedule of rates:

If taxable net income is:	The tax is:
not over \$1,200	1.7 percent
over \$1,200 but not over \$1,700	\$20 plus 2.1 percent of the excess over \$1,200
over \$1,700 but not over \$2,700	\$31 plus 2.3 percent of the excess over \$1,700
over \$2,700 but not over \$5,600	\$54 plus 3.3 percent of the excess over \$2,700
over \$5,600 but not over \$9,100	\$150 plus 5.3 percent of the excess over \$5,600
over \$9,100 but not over \$12,600	\$335 plus 6.8 percent of the excess over \$9,100
over \$12,600 but not over \$17,800	\$573 plus 8.5 percent of the excess over \$12,600
over \$17,800 but not over \$30,800	\$1,015 plus 9.3 percent of the excess over \$17,800
over \$30,800	\$2,224 plus 9.9 percent of the excess over \$30,800

(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over 5,000</u>	<u>4.3 percent</u>
<u>over \$5,000, but not over \$13,000</u>	<u>\$215 plus 6.3 percent of the excess over \$5,000</u>
<u>over \$13,000, but not over \$23,000</u>	<u>\$719 plus 8.3 percent of the excess over \$13,000</u>
<u>over \$23,000</u>	<u>\$1,549 plus 9.3 percent of the excess over \$23,000</u>

(2) For taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$5,000</u>	<u>4.2 percent</u>
<u>over \$5,000, but not over \$19,000</u>	<u>\$210 plus 6.2 percent of the excess over \$5,000</u>
<u>over \$19,000, but not over \$28,000</u>	<u>\$1,078 plus 8.2 percent of the excess over \$19,000</u>
<u>over \$28,000</u>	<u>\$1,816 plus 9.2 percent of the excess over \$28,000</u>

(3) Notwithstanding clause (2) if the increase in tax rates is imposed pursuant to article 10, section 5, for taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$5,000</u>	<u>4.4 percent</u>
<u>over \$5,000, but not</u> <u>over \$19,000</u>	<u>\$220 plus 6.4 percent of</u> <u>the excess over \$5,000</u>
<u>over \$19,000, but not</u> <u>over \$28,000</u>	<u>\$1,116 plus 8.4 percent of</u> <u>the excess over \$19,000</u>
<u>over \$28,000</u>	<u>\$1,872 plus 9.4 percent of</u> <u>the excess over \$28,000</u>

(e) (b) The income taxes imposed by this chapter upon unmarried individuals, married individuals filing separate returns, estates, and trusts that elect to deduct federal income taxes under section 290.088 must be computed by applying to taxable net income the following schedule of rates:

<u>If taxable net income is:</u>	<u>The tax is:</u>
<u>not over \$700</u>	<u>1.3 percent</u>
<u>over \$700 but not</u> <u>over \$1,400</u>	<u>\$0 plus 1.9 percent of the</u> <u>excess over \$700</u>
<u>over \$1,400 but not</u> <u>over \$2,800</u>	<u>\$22 plus 3.2 percent of the</u> <u>excess over \$1,400</u>
<u>over \$2,800 but not</u> <u>over \$4,300</u>	<u>\$67 plus 5.4 percent of</u> <u>the excess over \$2,800</u>
<u>over \$4,300 but not</u> <u>over \$5,700</u>	<u>\$148 plus 6.9 percent of</u> <u>the excess over \$4,300</u>
<u>over \$5,700 but not</u> <u>over \$7,100</u>	<u>\$245 plus 8.4 percent of</u> <u>the excess over \$5,700</u>
<u>over \$7,100 but not</u> <u>over \$9,900</u>	<u>\$362 plus 9.8 percent of</u> <u>the excess over \$7,100</u>
<u>over \$9,900 but not</u> <u>over \$12,800</u>	<u>\$637 plus 11.1 percent of</u> <u>the excess over \$9,900</u>
<u>over \$12,800 but not</u> <u>over \$15,400</u>	<u>\$959 plus 12.4 percent of</u> <u>the excess over \$12,800</u>
<u>over \$15,400 but not</u> <u>over \$19,400</u>	<u>\$1,281 plus 13.6 percent of</u> <u>the excess over \$15,400</u>
<u>over \$19,400</u>	<u>\$1,825 plus 14 percent</u> <u>of the excess over \$19,400</u>

(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,000</u>	<u>4.3 percent</u>
<u>over \$4,000, but not</u> <u>over \$11,000</u>	<u>\$172 plus 6.3 percent</u> <u>of the excess over \$4,000</u>
<u>over \$11,000, but not</u> <u>over \$18,000</u>	<u>\$613 plus 8.3 percent</u> <u>of the excess over \$11,000</u>
<u>over \$18,000</u>	<u>\$1,194 plus 9.3 percent</u> <u>of the excess over \$18,000</u>

(2) For taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,000</u>	<u>4.2 percent</u>
<u>over \$4,000, but not</u>	<u>\$168 plus 6.2 percent</u>
<u>over \$13,000</u>	<u>of the excess over \$4,000</u>
<u>over \$13,000, but not</u>	<u>\$726 plus 8.2 percent</u>
<u>over \$19,000</u>	<u>of the excess over \$13,000</u>
<u>over 19,000</u>	<u>\$1,218 plus 9.2 percent</u>
	<u>of the excess over \$19,000</u>

(3) Notwithstanding clause (2) if the increase in tax rates is imposed pursuant to article 10, section 5, for taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,000</u>	<u>4.4 percent</u>
<u>over \$4,000, but not</u>	<u>\$176 plus 6.4 percent</u>
<u>over \$13,000</u>	<u>of the excess over \$4,000</u>
<u>over \$13,000, but not</u>	<u>\$752 plus 8.4 percent</u>
<u>over \$19,000</u>	<u>of the excess over \$13,000</u>
<u>over \$19,000</u>	<u>\$1,256 plus 9.4 percent</u>
	<u>of the excess over \$19,000</u>

(4) (c) The income taxes imposed by this chapter upon all other unmarried individuals, married individuals filing separate returns, estates, and trusts qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, must be computed by applying to taxable net income the following schedule of rates:

<u>If taxable net income is:</u>	<u>The tax is:</u>
<u>not over \$300</u>	<u>1 percent</u>
<u>over \$300 but not</u>	<u>\$3 plus 1.3 percent of the</u>
<u>over \$600</u>	<u>excess over \$300</u>
<u>over \$600 but not</u>	<u>\$7 plus 1.6 percent of the</u>
<u>over \$900</u>	<u>excess over \$600</u>
<u>over \$900 but not</u>	<u>\$12 plus 2.1 percent of</u>
<u>over \$1,300</u>	<u>the excess over \$900</u>
<u>over \$1,300 but not</u>	<u>\$20 plus 2.7 percent of</u>
<u>over \$2,000</u>	<u>the excess over \$1,300</u>
<u>over \$2,000 but not</u>	<u>\$39 plus 3.7 percent of</u>
<u>over \$2,800</u>	<u>the excess over \$2,000</u>
<u>over \$2,800 but not</u>	<u>\$69 plus 4.5 percent of</u>
<u>over \$4,300</u>	<u>the excess over \$2,800</u>
<u>over \$4,300 but not</u>	<u>\$136 plus 6.1 percent of</u>
<u>over \$6,400</u>	<u>the excess over \$4,300</u>
<u>over \$6,400 but not</u>	<u>\$264 plus 7.5 percent of</u>
<u>over \$9,400</u>	<u>the excess over \$6,400</u>
<u>over \$9,400 but not</u>	<u>\$489 plus 9.3 percent of</u>
<u>over \$16,200</u>	<u>the excess over \$9,400</u>
<u>over \$16,200</u>	<u>\$1,122 plus 9.9 percent</u>
	<u>of the excess over \$16,200</u>

(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,500</u>	<u>4.3 percent</u>
<u>over \$4,500, but not</u>	<u>\$194 plus 6.3 percent</u>
<u>over \$12,000</u>	<u>of the excess over \$4,500</u>
<u>over \$12,000, but not</u>	<u>\$666 plus 8.3 percent</u>
<u>over \$20,500</u>	<u>of the excess over \$12,000</u>
<u>over \$20,500</u>	<u>\$1,372 plus 9.3 percent</u>
	<u>of the excess over \$20,500</u>

(2) For taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,500</u>	<u>4.2 percent</u>
<u>over \$4,500, but not</u>	<u>\$189 plus 6.2 percent</u>
<u>over \$16,000</u>	<u>of the excess over \$4,500</u>
<u>over \$16,000, but not</u>	<u>\$902 plus 8.2 percent</u>
<u>over \$24,000</u>	<u>of the excess over \$16,000</u>
<u>over \$24,000</u>	<u>\$1,558 plus 9.2 percent</u>
	<u>of the excess over \$24,000</u>

(3) Notwithstanding clause (2), if the increase in tax rates is imposed pursuant to article 10, section 5, for taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,500</u>	<u>4.4 percent</u>
<u>over \$4,500, but not</u>	<u>\$198 plus 6.4 percent</u>
<u>over \$16,000</u>	<u>of the excess over \$4,500</u>
<u>over \$16,000, but not</u>	<u>\$934 plus 8.4 percent</u>
<u>over \$24,000</u>	<u>of the excess over \$16,000</u>
<u>over \$24,000</u>	<u>\$1,606 plus 9.4 percent</u>
	<u>of the excess over \$24,000</u>

(e) (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(f) (e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota sourced federal adjusted gross income, computed as if as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31,

1986, after applying the provisions of section 290.081, clause (a), 290.17, subdivision 2, or 290.171 applied; and

(2) the denominator is the individual's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1986.

Sec. 11. Minnesota Statutes 1986, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, 1985 1990, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, 1984 1987, and before January 1, 1986 1991. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets by the percentage determined ~~under~~ pursuant to the provisions of section 1(f) of the Internal Revenue Code of ~~1954 1986~~, as amended through December 31, 1985 1986, except that in section 1(f)(3)(B) the word "1984 1989" shall be substituted for the word "~~1983 1987~~." For 1991, the commissioner shall then determine the percent change from the 12 months ending on September 30, 1984 August 31, 1989, to, ~~for 1986~~, the 12 months ending on September 30, 1985 August 31, 1990, and in each subsequent year, from the 12 months ending on September 30, 1984 August 31, 1989, to the 12 months ending on September 30 August 31 of the preceding year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the administrative procedure act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets; ~~the maximum standard deduction amount; and the personal credit amounts.~~

Sec. 12. Minnesota Statutes 1986, section 290.06, is amended by adding a subdivision to read:

Subd. 20. [RETIREMENT INCOME CREDIT.] (a) A credit against the tax imposed by this chapter is allowed in an amount equal to six percent of the smallest of the following amounts: (1) pension income,

(2) taxable income, or (3) the maximum credit base for the taxable year.

(b) For purposes of this section, the following terms have the meanings given.

(1) "Federal adjusted gross income" means adjusted gross income as determined under the Internal Revenue Code, plus any lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(2) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986.

(3) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer

(i) from the United States, its agencies or instrumentalities, or from a state or a political or governmental subdivision of a state or from a Minnesota volunteer firefighter's relief association, by way of a payment as a pension, public employee retirement benefit, or any combination thereof, or

(ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 408, 409, or 457 of the Internal Revenue Code.

(c) The maximum credit base equals the following amounts:

<u>Married joint</u>	<u>\$11,000</u>
<u>Single</u>	<u>\$ 8,500</u>
<u>Married separate</u>	<u>\$ 5,500</u>

The amounts must be reduced by the sum of the following amounts for the taxable year:

(1) Social security, railroad retirement, or other retirement benefits to the extent they were not included in the computation of federal taxable income;

(2) The dollar amount of the personal exemptions claimed in computing federal taxable income;

(3) Any other income received by the taxpayer and not subject to taxation under this chapter; and

(4) The amount of federal adjusted gross income in excess of (i) \$8,000 for married joint, (ii) \$6,000 for single, and (iii) \$4,000 for married separate filers. For purposes of this computation, federal adjusted gross income is reduced by the amount of pension income,



but the reduction may not exceed (i) \$11,000 for married joint, (ii) \$8,500 for single, and (iii) \$5,500 for married separate filers.

(d) In order to qualify for a credit under this subdivision, the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code.

Sec. 13. Minnesota Statutes 1986, section 290.077, subdivision 1, is amended to read:

Subdivision 1. [INCLUSION IN GROSS INCOME.] Notwithstanding any other provision, income in respect of a decedent shall be included in gross income in accordance with the method set forth in section 691(a) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, is included in the gross income of the estate in the year any right to receive it is transferred to a nonresident by the personal representative of an estate. The fair market value of the right at the date of the transfer must be included in the gross income of the estate for the year in which the transfer occurs and the value of the right may not be allowed as a deduction in computing the taxable net income of the estate. The estate must not include the value of the right in its gross income and the personal representative is relieved of any further liability with respect to that right if the nonresident: (1) includes the fair market value of the right (as of the date the right is received) in the nonresident's gross income for the year the right is received and pays the tax thereon; or (2) elects to include the amount received in payment of the right in the nonresident's gross income for the year in which the payment is received and pays the tax on it in the same manner as a resident of this state and files a bond with the commissioner of revenue during the year the right is received, in the form and in the amount as the commissioner considers necessary to assure payment of the tax. A bond required under clause (2) is sufficient if it is in an amount equivalent to the tax that would be due if the method provided in clause (1) were followed.

Sec. 14. Minnesota Statutes 1986, section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROcity TAXES PAID TO ANOTHER STATE, CREDIT.]

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state or a province or territory of Canada upon, if the taxpayer is an individual, or if the taxpayer is an athletic team and all of the team's income is apportioned to Minnesota, any income, or if it is a corporation, estate, or trust, upon income derived from the performance of personal or professional services within such other state or province or territory of Canada and subject to taxation under this chapter the taxpayer shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province or territory of Canada bears to the taxpayer's entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province or territory of Canada on the gross income earned within such other state or province or territory of Canada and subject to taxation under this chapter, and (2) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state or province or territory of Canada had been excluded in computing net income under this chapter. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7(a)(2) and is subject to income tax as a resident of the state of domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(c) The commissioner shall by rule determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply. As long as the provisions of clause (a) apply between Minnesota and Wisconsin, the provisions of clause (a) shall apply to any individual who is domiciled in Wisconsin.

(d) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province or territory of Canada on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

For purposes of clause (b), where a Minnesota resident reported an item of income to Minnesota and is assessed tax in another state or a province or territory of Canada on that same item of income after the Minnesota statute of limitations has expired, the taxpayer shall be allowed to receive a credit for that year based on clause (b), notwithstanding the provisions of sections 290.49, 290.50, and 290.56. For purposes of the preceding sentence, the burden of proof shall be on the taxpayer to show entitlement to a credit.

(e) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without

clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1977. The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due date, conditions constituting delinquency, interest rates, and a method for computing interest due on any delinquent amounts.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 15. Minnesota Statutes 1986, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~four~~ five percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 16. Minnesota Statutes 1986, 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 alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal tax preference items alternative minimum taxable income;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 20a, clauses (1), (3), and (4) 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 20b 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 20b 19b, clause (4) (2); and

(iii) the amount of investment 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) 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and

(iv) 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 alternative minimum taxable income must be modified computed as provided in section 55(e)(6)(B) 59(c) of the Internal Revenue Code and reduced by the deductions allowed under sections 642(e), 651(a), and 661(a) 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.

(e) "Internal Revenue Code" means the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 17. Minnesota Statutes 1986, section 290.091, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION AMOUNT.] For purposes of computing the alternative minimum tax, the exemption amount is:

(a) \$40,000 in the case of a married couple filing a joint return;

(b) \$30,000 in the case of an individual who is not married, as defined in section 143 of the Internal Revenue Code;

(c) \$20,000 in the case of

(1) an estate or trust or

(2) a married individual who files a separate tax return the exemption determined under section 55(d) of the Internal Revenue

Code, except that alternative minimum taxable income as determined under this section must be substituted in the computation of the phase out under section 55(d)(3).

Sec. 18. Minnesota Statutes 1986, section 290.095, subdivision 9, is amended to read:

Subd. 9. [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.] For the purposes of sections 290.46 and 290.50 if the claim for refund relates to an overpayment attributable to a net operating loss carryback under this section or as the result in the case of an individual of an adjustment of "federal adjusted gross income" because of the carryback under section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1985, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback or adjustment of "federal adjusted gross income," plus any extension of time granted for filing the return, but only if the return was filed within the extended time. During this extended period, for taxable years beginning before January 1, 1985, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

Sec. 19. Minnesota Statutes 1986, section 290.095, subdivision 11, is amended to read:

Subd. 11. [CARRYBACK OR CARRYOVER ADJUSTMENTS.] (a) For individuals the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal adjusted gross income. For estates and trusts the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal taxable income.

(b) Notwithstanding any other law, estates and trusts must apply the following adjustments to the amount of the net operating loss that may be carried back or carried over must be made for:

(1) Nonassignable income or losses for estates and trusts as required by section 290.17, subdivision 2.

(2) Adjustments to the determination of federal adjusted gross income that must be made because of changes in the Internal Revenue Code that have not yet been adopted by the legislature by updating the reference to the Internal Revenue Code contained in section 290.01, subdivision 20.

(3) Gains or losses which result from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes subject to the limitations contained in section 290.01, subdivision 20b, clauses (2) and (3).

(4) Interest, taxes, and other Expenses, losses and other deductions not allowed allocated to Minnesota under section 290.10, clause (9), for estates and trusts 290.17.

(5) The modification for accelerated cost recovery system depreciation as provided in section 290.01, subdivision 20f.

(e)(1) (b) The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income (or federal taxable income for provided that trusts and estates) subject to must apply the following modifications contained in clause (b) and to the following modifications:

(A) (1) Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and interest, taxes and other, expenses, and other deductions not assignable or allowable to Minnesota incurred in the taxable year.

(B) (2) Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year.

(C) A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

(2) The provisions of section 172(b) of the Internal Revenue Code of 1954 as amended through December 31, 1985 (relating to carrybacks and carryovers) shall apply. For estates and trusts, the net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in clause (e)(1) (b) less the amount applied in the earlier taxable year(s). No additional net operating loss carryback or carryover shall be allowed to estates and trusts if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. However, if a net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to offset Minnesota income but only if the loss was assignable to Minnesota in the year the loss occurred.

(d) A net operating loss shall be allowed to be carried back or carried forward only to the extent that loss was assignable to Minnesota in the year the loss occurred or in the year to which the loss was carried over, whichever would allow more of the loss to be allowed for Minnesota purposes.

Sec. 20. Minnesota Statutes 1986, section 290.23, subdivision 3, is amended to read:

Subd. 3. [UNUSED LOSS CARRYOVERS AND EXCESS DEDUCTIONS ON TERMINATION AVAILABLE TO BENEFICIARIES.] If on the termination of an estate or trust, the estate or trust has

(1) a net operating loss carryover under section 290.095, a capital loss carryover under section 290.01, subdivisions 20 to 20f or any other loss or credit carryover allowed under this chapter; or

(2) for the last taxable year of the estate or trust deductions (other than the charitable deduction) in excess of gross income for such year,

then such carryover or such excess shall be allowed as a deduction, in accordance with rules prescribed by the commissioner, to the beneficiaries succeeding to the property of the estate or trust. This provision does not apply to individuals, and the carryovers and deductions must be reported as provided in section 290.01, subdivisions 19 to 19b.

Sec. 21. Minnesota Statutes 1986, section 290.23, subdivision 5, is amended to read:

Subd. 5. [DISTRIBUTABLE NET INCOME, INCOME, BENEFICIARY; DEFINED.] (1) For purposes of sections 290.22 through 290.25, the term "distributable net income" means the same as that term is defined in section 643(a) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986 with the following modification:

There shall be included any tax-exempt interest to which section 290.01, subdivision ~~20b~~ 19b, clause (1) applies, ~~reduced by any amounts which would be deductible in respect of disbursements allocable to such interest but for the provisions of section 290.10(9) (relating to disallowance of certain deductions).~~

If the estate or trust is allowed a deduction under section 642(c) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, the amount of the modification shall be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in



that section of the Internal Revenue Code is deemed to consist of items specified in the modification. For this purpose, such amount shall (in the absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes.

(2) The term "income," and the term "beneficiary" have the same meaning as those terms are defined in section 643(b) and (c) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986. The treatment of property distributed in kind and of multiple trusts shall be the same as provided in section 643 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

Sec. 22. Minnesota Statutes 1986, section 290.31, subdivision 2, is amended to read:

Subd. 2. [INCOME AND CREDITS OF PARTNER.] (1) In determining income tax, each partner shall take into account separately the partner's distributive share of the partnership's

(a) gains and losses from sales or exchanges of short-term capital assets as defined in section 290.16, subdivision 3,

(b) gains and losses from sales or exchanges of long-term capital assets as defined in section 290.16, subdivision 3,

(c) gains and losses from sales or exchanges of property described in section 1231 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986 (relating to certain property used in a trade or business and involuntary conversions),

(d) charitable contributions as defined in section 170(c) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986,

(e) dividends with respect to which there is provided an ~~exclusion under section 116 or a deduction under sections 241 to 247~~ of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986,

(f) other items of income, gain, loss, deduction, or credit, to the extent provided by rules prescribed by the commissioner, and

(g) taxable net income or loss, exclusive of items requiring separate computation under other subparagraphs of this paragraph (1).

(2) The character of any item of income, gain, loss, deduction, or credit included in a partner's distributive share under paragraphs (a) through (f) of paragraph (1) shall be determined as if such item were realized directly from the source from which realized by the partnership, or incurred in the same manner as incurred by the partnership.

(3) In any case where it is necessary to determine the gross income of a partner for purposes of this chapter, such amount shall include the partner's distributive share of the gross income of the partnership.

Sec. 23. Minnesota Statutes 1986, section 290.31, is amended by adding a subdivision to read:

Subd. 2a. The provisions of subdivisions 2 and 5 do not apply to individuals, and items of income, gain, loss, or deduction must be reported as provided in section 290.01, subdivisions 19 to 19b.

Sec. 24. Minnesota Statutes 1986, section 290.31, subdivision 3, is amended to read:

Subd. 3. [PARTNERSHIP COMPUTATIONS.] The taxable net income of a partnership shall be computed in the same manner as in the case of an individual except that

(1) the items described in subdivision 2(1) shall be separately stated, and

(2) the following deductions shall not be allowed to the partnership:

(a) the deduction for taxes provided in section 164(a) of the Internal Revenue Code of 1954, as amended through December 31, 1985, with respect to taxes, described in section 901 of the Internal Revenue Code of 1954, as amended through December 31, 1985, paid or accrued to foreign countries and to possessions of the United States,

(b) the deduction for charitable contributions provided in section 290.21, subdivision 3 or section 170 of the Internal Revenue Code of 1954, as amended through December 31, 1985,

(c) the net operating loss deduction provided in section 290.095,

(d) the additional itemized deductions for individuals provided in sections 211 to 223 of the Internal Revenue Code of 1954, as amended through December 31, 1985, and,

~~(c) the deduction for depletion under section 290.09, subdivision 8 with respect to oil and gas wells as provided in section 703(a) of the Internal Revenue Code of 1986, as amended through December 31, 1986.~~

Any election affecting the computation of taxable net income derived from a partnership shall be made by the partnership except as provided in section 703(b) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

Sec. 25. Minnesota Statutes 1986, section 290.31, subdivision 5, is amended to read:

Subd. 5. [DETERMINATION OF BASIS OF PARTNER'S INTEREST.] The adjusted basis of a partner's interest in a partnership shall, except as provided in the last paragraph of this subdivision, be the basis of such interest determined under section 722 or 742 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, relating to contributions to a partnership or transfers of partnership interests

(1) increased by the sum of the partner's distributive share for the taxable year and prior taxable years of

(a) net income of the partnership as determined under subdivision 3(1) and (2),

(b) income of the partnership exempt from tax under this chapter,

(c) the excess of the deductions for depletion over the basis of the property subject to depletion, and

(2) decreased (but not below zero) by distributions by the partnership as provided in section 733 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, and by the sum of the partner's distributive share for the taxable year and prior taxable years of

(a) losses of the partnership, and

(b) expenditures of the partnership not deductible in computing its taxable net income and not properly chargeable to capital account, and

(3) decreased, but not below zero, by the amount of the partner's deduction for depletion for any partnership oil and gas property to the extent the deduction does not exceed the proportionate share of the adjusted basis of the property allocated to the partner under section 613A(c)(7)(D) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986. For corporate partners,

the deduction for depletion with respect to oil and gas wells shall be computed as provided in section 290.09, subdivision 8 290.01, subdivisions 19c and 19d.

The commissioner shall prescribe by rule the circumstances under which the adjusted basis of a partner's interest in a partnership may be determined by reference to the partner's proportionate share of the adjusted basis of partnership property upon a termination of the partnership.

Sec. 26. Minnesota Statutes 1986, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) ~~The commissioner of revenue shall annually determine the gross income levels at which individuals, trusts, and estates shall be required to file a return for each taxable year. A taxpayer shall file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code of 1986, as amended through December 31, 1986, except that an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's Minnesota gross income computed under section 290.06, subdivision 2e, clause (1) derived from Minnesota sources under section 290.17, is less than the filing requirements for an a single individual who is a full year resident of Minnesota with the same marital status and number of personal credits.~~

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return. The commissioner may adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report if the affiliated group includes a corporation subject to tax under section 290.361. The return in the case of a corporation shall be signed by a person designated by the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if a return is required.

(b) Such return shall (1) contain a written declaration that it is correct and complete, and (2) shall contain language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1985, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1), (6), (7), and (8), 290.08, and 290.17.

Sec. 27. Minnesota Statutes 1986, section 290.37, subdivision 3, is amended to read:

Subd. 3. [INFORMATION INCLUDED IN RETURN.] The return provided for herein shall require a statement of the name of the taxpayer, or taxpayers, if the return be a joint return, and the address of such taxpayer in the same name or names and same address as the taxpayer has used in making the taxpayer's income tax return to the United States under the terms of the Internal Revenue Code of 1954 1986, and shall include the social security number of the taxpayer, or taxpayers, if a social security number has been issued by the United States with respect to said taxpayers, and shall include the amount of the adjusted gross taxable income of such taxpayer as the same appears on said return to the United States internal revenue service for the taxable year to which such Minnesota state return is applicable; ~~and the commissioner may require.~~ The taxpayer to shall attach to the taxpayer's Minnesota state income tax return a copy of the federal income tax return which the taxpayer has filed or is about to file for such period.

Sec. 28. Minnesota Statutes 1986, section 290.38, is amended to read:

#### 290.38 [RETURNS OF MARRIED PERSONS.]

A husband and wife must file a joint Minnesota income tax return if they filed a joint federal income tax return. If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several. If the husband and wife have elected to file separate federal income tax returns they must file separate Minnesota income tax returns. This election to file a joint or separate returns must be changed if they change their election for federal purposes. In the event taxpayers desire to change their election, such change shall be done in the manner and on such form as the commissioner shall prescribe by rule.

The determination of whether an individual is married is must be made as of the close of that person's taxable year; except that if that person's spouse dies during the taxable year the determination is made as of the time of the death. An individual who is legally separated from a spouse under a decree of divorce, dissolution, or of separate maintenance is not considered to be married under the provisions of section 7703 of the Internal Revenue Code of 1986, as amended through December 31, 1986.

In the case of the death of one spouse or both spouses the joint return with respect to the decedent may be made only by the personal representative of the decedent's estate; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both the survivor and the decedent if (a) no return for the taxable year has been made by the decedent, (b) no personal representative has been appointed, and (c) no personal representative is appointed before the last day prescribed by law for filing the return of the surviving spouse. If a personal representative of the estate of the decedent is appointed after the joint return has been filed by the surviving spouse, the personal representative may disaffirm such joint return by filing, within one year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute the survivor's separate return provided that the election has been also disaffirmed for federal purposes.

Sec. 29. Minnesota Statutes 1986, section 290.39, subdivision 3, is amended to read:

Subd. 3. [SHORT FORM.] The commissioner may provide for use of a short form individual income tax return which shall be in the form and provide for items as the commissioner may prescribe which are consistent with the provisions of this chapter, notwithstanding any other law to the contrary. The political checkoff provided in section 10A.31, the nongame wildlife checkoff provided in section 290.431, and the dependent care credit provided in section 290.067 shall be included on the short form.

Sec. 30. Minnesota Statutes 1986, section 290.45, subdivision 1, is amended to read:

Subdivision 1. [DATE DUE; INSTALLMENTS.] The tax imposed by this chapter shall be paid to the commissioner of revenue at the time fixed for filing the return on which the tax is based; except that at the election of estates the balance of tax due may be paid in two equal installments.

The first shall be paid at the time fixed for filing the return, and the second on or before six months thereafter.

If any installment is not paid on or before the date fixed for its payment the whole amount of the tax unpaid shall become due and payable. They shall be paid to the commissioner or to the local officers designated by the commissioner with whom the return is filed as hereinbefore provided.

Sec. 31. Minnesota Statutes 1986, section 290.45, subdivision 2, is amended to read:

Subd. 2. [EXTENSIONS.] At the request of the taxpayer, and for good cause shown, the commissioner may extend the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, or any amount determined as a deficiency, for a period not to exceed six months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect of which the extension is granted shall be paid together with interest at the rate specified in section 270.75 on or before the date of the expiration of the period of the extension.

Sec. 32. Minnesota Statutes 1986, section 290.46, is amended to read:

290.46 [EXAMINATION OF RETURNS; ASSESSMENTS, REFUNDS.]

The commissioner shall, as soon as practicable after the return is filed, examine the same and make any investigation or examination of the taxpayer's records and accounts that the commissioner may deem necessary for determining the correctness of the return. The tax computed by the commissioner on the basis of such examination and investigation shall be the tax to be paid by such taxpayer. If the tax found due shall be greater than the amount reported as due on the taxpayer's return, the commissioner shall assess a tax in the amount of such excess and the whole amount of such excess shall be paid to the commissioner within 60 days after notice of the amount and demand for its payment shall have been mailed to the taxpayer by the commissioner. If the understatement of the tax on the return was false and fraudulent with intent to evade the tax, the installments of the tax shown by the taxpayer on the return which have not yet been paid shall be paid to the commissioner within 60 days after notice of the amount thereof and demand for payment shall have been mailed to the taxpayer by the commissioner. If the amount of the tax found due by the commissioner shall be less than that reported as due on the taxpayer's return, the excess shall be refunded to the taxpayer in the manner provided by section 290.50 (except that no demand therefor shall be necessary), if the taxpayer has already paid the whole of such tax, or credited against any unpaid installment thereof; provided, that no refundment shall be made except as provided in section 290.50.

The commissioner, on examining returns of a taxpayer for more than one year, may issue one order covering the several years under consideration reflecting the aggregate refund or additional tax due.

The notices and demands provided for by sections 290.46 to 290.48 shall be in such form as the commissioner may determine (including a statement) and shall contain a brief explanation of the computation of the tax and shall be sent by mail to the taxpayer at the address given in the return, or to the taxpayer's last known address.

In cases where there has been an overpayment of a self-assessed liability as shown on the return filed by the taxpayer, the commissioner may refund such overpayment to the taxpayer and no demand therefor shall be necessary; further, written findings by the commissioner, notice by mail to the taxpayer and certificate for refundment by the commissioner shall not be necessary and the provisions of section 270.10, in such case, shall not be applicable.

~~In the case of an individual, estate or trust, The commissioner may audit and adjust the taxpayer's computation of federal adjusted gross income (or federal taxable income for estates or trusts) to make it properly conform with the provisions of section 290.01, subdivision 20 subdivisions 19 to 19b, or the items of federal tax preferences or federal credit amounts to make them properly conform with the provisions of this chapter. In the case of an individual, the commissioner may audit and adjust the taxpayer's computation of itemized deductions to make them properly conform with the provisions of section 290.089.~~

Sec. 33. Minnesota Statutes 1986, section 290.48, subdivision 10, is amended to read:

Subd. 10. [PRESUMPTIONS WHERE OWNER OF LARGE AMOUNT OF CASH IS NOT IDENTIFIED.] (a) If the individual who is in physical possession of cash in excess of \$10,000 does not claim such cash, or does not claim it belongs to another person whose identity the commissioner can readily ascertain and who acknowledges ownership of such cash, then, for purposes of subdivisions 3 and 4, it shall be presumed that the cash represents gross income of a single individual for the taxable year in which the possession occurs, and that the collection of tax will be jeopardized by delay.

(b) In the case of any assessment resulting from the application of clause (a), the entire amount of the cash shall be treated as taxable income for the taxable year in which the possession occurs, such income shall be treated as taxable at an eight percent rate, and except as provided in clause (c), the possessor of the cash shall be treated (solely with respect to the cash) as the taxpayer for purposes of this chapter and the assessment and collection of the tax.



(c) If, after an assessment resulting from the application of clause (a), the assessment is abated and replaced by an assessment against the owner of the cash, the later assessment shall be treated for purposes of all laws relating to lien, levy, and collection as relating back to the date of the original assessment.

(d) For purposes of this subdivision, the definitions contained in section 6867 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, shall apply.

Sec. 34. Minnesota Statutes 1986, 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.

(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, 1985. 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. 35. Minnesota Statutes 1986, section 290.56, subdivision 2, is amended to read:

Subd. 2. [CHANGE IN FEDERAL RETURN.] If the amount of gross income, items of tax preference, deductions, or credits for any year of any taxpayer as reported to the Internal Revenue Service is changed or corrected by the Commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in gross income, items of tax preference, deductions, or credits, such taxpayer shall report in writing to the commissioner, in such form as the commissioner may require, such change or correction, or the results of such renegotiation, within 90 days thereafter after the final determination of the change or correction, and shall concede the accuracy of such determination or state wherein it is erroneous. Any taxpayer filing an amended federal income tax return shall also file within 90 days thereafter a copy of such amended return with the commissioner of revenue.

Sec. 36. Minnesota Statutes 1986, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. [COLLECTION AT SOURCE.] (1) [DEDUCTIONS.] Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) [WITHHOLDING ON PAYROLL PERIOD.] The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) [WITHHOLDING TABLES.] Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during the individual's taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon the individual's salary, wages, or compensation for personal services of any kind for the employer; and shall take into consideration the deduction allowable under section 290.089, subdivision 3, and the personal credits allowed against the tax.

(4) [MISCELLANEOUS PAYROLL PERIOD.] If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) [MISCELLANEOUS PAYROLL PERIOD.] (a) In any case in which wages are paid by an employer without regard to any payroll

period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under rules prescribed by the commissioner, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) [WAGES COMPUTED TO NEAREST DOLLAR.] If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) [RULES ON WITHHOLDING.] The commissioner may, by rule, authorize employers:

(a) to estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) [ADDITIONAL WITHHOLDING.] The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) [TIPS.] In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986, and only to the extent that the tax

can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 1986 as amended through December 31, 1985 1986, to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under the employer's control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of employment by such employer is less than \$20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

(10) [VEHICLE FRINGE BENEFITS.] An employer shall not deduct and withhold any tax under this section with respect to any vehicle fringe benefit provided to an employee if the employer has so elected for federal purposes and the requirement of and the definition contained in section 3402(s) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, are complied with.

Sec. 37. Minnesota Statutes 1986, section 290.92, subdivision 4a, is amended to read:

Subd. 4a. [TAX WITHHELD FROM NONRESIDENTS.] (1) [“WAGES” PAID TO NONRESIDENT EMPLOYEES.] For the purposes of this section: The term “wages” means all remuneration taxable under this chapter including all remuneration paid to a nonresident employee for services performed in this state.

(2) [“EMPLOYER,” “WAGES” AND “EMPLOYEE” CONCERNING NONRESIDENTS.] Notwithstanding any other provision of this section, under rules to be prescribed by the commissioner of revenue, for purposes of this section any person having control, receipt, custody, disposal or payment of compensation taxable under this chapter and earned by a nonresident for personal services, shall be deemed an employer, any compensation taxable under this chapter and earned by a nonresident for personal services shall be deemed wages, and a nonresident entitled to compensation taxable under this chapter and earned by the nonresident for personal services shall be deemed an employee.

When compensation for personal services is paid to a corporation in which all or substantially all of the shareholders are individual

entertainers, performers or athletes who gave an entertainment or athletic performance in this state for which the compensation was paid, the compensation shall be deemed wages of the individual entertainers, performers or athletes and shall be subject to the provisions of this section. Advance payments of compensation for personal services to be performed in Minnesota shall be deemed wages and subject to the provisions of this section. ~~The individual, and not the corporation, shall be subject to the Minnesota income tax as provided in this chapter on the compensation for personal services.~~

(3) [NONRESIDENTS, EMPLOYER'S DUTY.] The employer of any employee domiciled in a state with which Minnesota has reciprocity under section 290.081 is not required to withhold under this chapter from the wages earned by such employee in this state.

The employee must annually submit to the employer an affidavit of residency in the form prescribed by the commissioner. The affidavit must be submitted by the later of

(i) 30 days after the employment date or

(ii) August 31 for calendar year 1987 and February 28 for subsequent calendar years.

Sec. 38. Minnesota Statutes 1986, section 290.92, subdivision 5, is amended to read:

Subd. 5. [EXEMPTIONS.] (1) [ENTITLEMENT.] An employee receiving wages shall on any day be entitled to claim withholding exemptions ~~equal to the same number as the personal credits that the employee is entitled to claim under the provisions of section 290.06, subdivision 3f, (not including those credits that the taxpayer's spouse may claim)~~ in a number not to exceed the number of withholding exemptions that the employee claims and that are allowable for federal withholding purposes under section 3402(f) and (m) of the Internal Revenue Code of 1986, as amended through December 31, 1986.

(2) [WITHHOLDING EXEMPTION CERTIFICATE.] The provisions concerning exemption certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986, shall apply.

(3) [FORM OF CERTIFICATE.] Withholding exemption certificates shall be in such form and contain such information as the commissioner may by rule prescribe.

(4) [NUMBER MAY BE SAME AS THAT FOR FEDERAL PURPOSES.] ~~Notwithstanding the provisions of this subdivision, an~~

employee may elect to claim a number not to exceed the number of withholding exemptions that the employee claims and which are allowable for federal withholding purposes.

Sec. 39. Minnesota Statutes 1986, section 290.92; subdivision 5a, is amended to read:

Subd. 5a. [VERIFICATION OF WITHHOLDING EXEMPTIONS; APPEAL.] (1) An employer shall submit to the commissioner a copy of any withholding exemption certificate or affidavit of residency received from an employee on which the employee claims any of the following:

(a) a total number of withholding exemptions in excess of 14 ten or a number prescribed by the commissioner, or

(b) a status that would exempt the employee from Minnesota withholding, including where the employee is a nonresident exempt from withholding under subdivision 4a, clause (3), except where the employer reasonably expects, at the time that the certificate is received, that the employee's wages under subdivision 1 from the employer will not then usually exceed \$200 per week, or

(c) any number of withholding exemptions which the employer has reason to believe is in excess of the number to which the employee is entitled.

(2) Copies of exemption certificates and affidavits of residency required to be submitted by clause (1) shall be submitted to the commissioner within 30 days after receipt by the employer unless the employer is also required by federal law to submit copies to the Internal Revenue Service, in which case the employer may elect to submit the copies to the commissioner at the same time that the employer is required to submit them to the Internal Revenue Service.

(3) An employer who submits a copy of a withholding exemption certificate in accordance with clause (1) shall honor the certificate until notified by the commissioner that the certificate is invalid. The commissioner shall mail a copy of any such notice to the employee. Upon notification that a particular certificate is invalid, the employer shall not honor that certificate or any subsequent certificate unless instructed to do so by the commissioner. The employer shall allow the employee the number of exemptions and compute the withholding tax as instructed by the commissioner in accordance with clause (4).

(4) The commissioner may require an employee to verify entitlement to the number of exemptions or to the exempt status claimed on the withholding exemption certificate or, to verify nonresidency. The employee shall be allowed at least 30 days to submit the

verification, after which time the commissioner shall, on the basis of the best information available to the commissioner, determine the employee's status and allow the employee the maximum number of withholding exemptions allowable under this chapter. The commissioner shall mail a notice of this determination to the employee at the address listed on the exemption certificate in question or to the last known address of the employee. Notwithstanding the provisions of section 290.61, the commissioner may notify the employer of this determination and instruct the employer to withhold tax in accordance with the determination.

However, where the commissioner has reasonable grounds for believing that the employee is about to leave the state or that the collection of any tax due under this chapter will be jeopardized by delay, the commissioner may immediately notify the employee and the employer, notwithstanding section 290.61, that the certificate is invalid, and the employer must not honor that certificate or any subsequent certificate unless instructed to do so by the commissioner. The employer shall allow the employee the number of exemptions and compute the withholding tax as instructed by the commissioner.

(5) The commissioner's determination under clause (4) shall be appealable to tax court in accordance with section 271.06, and shall remain in effect for withholding tax purposes pending disposition of any appeal.

Sec. 40. Minnesota Statutes 1986, section 290.92, subdivision 6, is amended to read:

Subd. 6. [RETURNS, DEPOSITS.] (1)(a) [RETURNS.] Every employer who is required to deduct and withhold tax under subdivision 2a or 3 shall file a return with the commissioner for each quarterly period, on or before the last day of the month following the close of each quarterly period, unless otherwise prescribed by the commissioner. Any tax required to be deducted and withheld during the quarterly period shall be paid with the return unless an earlier time for payment is provided. However, any return may be filed on or before the tenth day of the second calendar month following the period if the return shows timely deposits in full payment of the taxes due for that period. For the purpose of the preceding sentence, a deposit which is not required to be made within the return period, may be made on or before the last day of the first calendar month following the close of the period. Every employer, in preparing a quarterly return, shall take credit for monthly deposits previously made in accordance with this subdivision.

The return shall be in the form and contain the information prescribed by the commissioner. The commissioner may grant a reasonable extension of time for filing the return, but no extension shall be granted for more than ~~six months~~ 60 days.

(b) [ADVANCE DEPOSITS REQUIRED IN CERTAIN CASES.] (i) Unless clause (ii) is applicable, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under subdivision 2a or 3 exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month. (ii) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this subparagraph, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the portion of a calendar month following the 25th day of the month.

(c) [OTHER METHODS.] The commissioner may by rule prescribe other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify employers according to the amount of their tax liability and may adopt an appropriate reporting period for each class which the commissioner deems to be consistent with efficient tax collection. In no event shall the duration of the reporting period be more than one year.

(2) If less than the correct amount of tax is paid to the commissioner, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in the manner and at the times as the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment shall be assessed and collected in the manner and at the times as the commissioner prescribes.

(3) If any employer fails to make and file any return required by paragraph (1) at the time prescribed, or makes and files a false or fraudulent return, the commissioner shall make for the employer a return from the commissioner's own knowledge and from information the commissioner obtains through testimony, or otherwise, and assess a tax on the basis of it. The amount of tax shown on it shall be paid to the commissioner at the times as the commissioner prescribes. Any return or assessment made by the commissioner shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect to it.

(4) The commissioner, in any case, on having reason to believe that the collection of the tax provided for in paragraph (1) of this subdivision, and any added penalties and interest, if any, will be jeopardized by delay, may immediately assess the tax, whether or



not the time otherwise prescribed by law for making and filing the return and paying the tax has expired.

(5) Any assessment under this subdivision shall be made by recording the liability of the employer in the office of the commissioner in accordance with rules prescribed by the commissioner. Upon request of the employer, the commissioner shall furnish the employer a copy of the record of assessment.

(6) Any assessment of tax under this subdivision shall be made within 3½ years after the due date of the return required by paragraph (1), or the date the return was filed, whichever is later. In the case of a false or fraudulent return or failure to file a return, the tax may be assessed at any time. The tax may be assessed within 6½ years after the due date of the return or the date the return was filed, whichever is later, where the employer omitted withholding tax from the return which is properly includable therein and the omitted withholding tax is in excess of 25 percent of the amount of withholding tax stated on the return.

(7)(a) Except as provided in (b) of this paragraph, every employer who fails to pay to or deposit with the commissioner any sum or sums required by this section to be deducted, withheld and paid, shall be personally and individually liable to the state for the sum or sums (and any added penalties and interest). Any sum or sums deducted and withheld in accordance with the provisions of subdivision 2a or 3 shall be held to be a special fund in trust for the state of Minnesota.

(b) If the employer, in violation of this section, fails to deduct and withhold the tax under this section, and thereafter the taxes against which the tax may be credited are paid, the tax required to be deducted and withheld shall not be collected from the employer; but this does not relieve the employer from liability for any penalties and interest otherwise applicable for failure to deduct and withhold.

(8) Upon the failure of any employer to pay to or deposit with the commissioner, within the time provided by paragraph (1), (2), or (3) of this subdivision, any tax required to be withheld in accordance with the provisions of subdivision 2a or 3, or if the commissioner has assessed a tax pursuant to paragraph (4), the tax shall become immediately due and payable, and the commissioner may deliver to the attorney general a certified statement of the tax, penalties and interest due from the employer. The statement shall also give the address of the employer owing the tax, the period for which the tax is due, the date of the delinquency, and any other information required by the attorney general. The attorney general shall institute legal action in the name of the state to recover the amount of the tax, penalties, interest and costs. The commissioner's certified statement to the attorney general shall for all purposes and in all courts be prima facie evidence of the facts stated in it and that the

amount shown in it is due from the employer named in the statement. If an action is instituted, the court shall, upon application of the attorney general, appoint a receiver of the property and business of the delinquent employer for the purpose of impounding it as security for any judgment which has been or may be recovered. Any action must be brought within five years after the date of assessment of any tax under this subdivision.

(8a) The period of time during which a tax must be assessed or collection proceedings commenced under this subdivision shall be suspended during the period from the date of filing of a petition in bankruptcy until 30 days after the commissioner of revenue receives notice that the bankruptcy proceedings have been closed or dismissed or the automatic stay has been terminated or has expired.

The suspension of the statute of limitations under this subdivision shall apply to the person against whom the petition in bankruptcy is filed and all other persons who may also be wholly or partially liable for the tax under this chapter.

(9) Either party to an action for the recovery of any tax, interest or penalties under this subdivision may appeal the judgment as in other civil cases.

(10) No suit shall lie to enjoin the assessment or collection of any tax imposed by this section, or the interest and penalties added to it.

Sec. 41. Minnesota Statutes 1986, section 290.93, subdivision 10, is amended to read:

Subd. 10. [UNDERPAYMENT OF ESTIMATED TAX.] (1) In the case of any underpayment of estimated tax by an individual, except as provided in paragraph (5) or (6), there must be added to and become a part of the taxes imposed by this chapter, for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment for the period of the underpayment.

(2) For purposes of the preceding paragraph, the amount of underpayment shall be the excess of

(a) the amount of the installment required to be paid over

(b) the amount, if any, of the installment paid on or before the last day prescribed for such payment.

(3) The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier

(a) The 15th day of the fourth month following the close of the taxable year.

(b) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subparagraph, a payment of estimated tax on any installment date shall be considered a payment of any unpaid required installments in the order in which the installments are required to be paid.

(4) The amount of any installment required to be paid shall be 25 percent of the required annual payment except as provided in paragraph (c). The term "required annual payment" means the lesser of

(a) 80 90 percent (66 $\frac{2}{3}$  percent in the case of farmers referred to in subdivision 5, paragraph (2)), of the tax shown on the return for the taxable year or 80 90 percent (66 $\frac{2}{3}$  percent in the case of farmers referred to above) of the tax for the year if no return is filed, or

(b) The total tax liability shown on the return of the individual for the preceding taxable year (if a return showing a liability for such taxes was filed by the individual for the preceding taxable year of 12 months), or

(c) An amount equal to the applicable percentage of the tax for the taxable year (~~after deducting personal credits~~) computed by placing on an annualized basis the taxable income and alternative minimum taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. The applicable percentage of the tax is 20 22.5 percent in the case of the first installment, 40 45 percent for the second installment, 60 67.5 percent for the third installment, and 80 90 percent for the fourth installment. For purposes of this subparagraph, the taxable income and alternative minimum taxable income shall be placed on an annualized basis by

(i) Multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income and alternative minimum taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid.

(ii) Dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls.

(5) No addition to the tax shall be imposed under this subdivision for any taxable year if:

(a) the individual did not have any liability for tax for the preceding taxable year,

(b) the preceding taxable year was a taxable year of 12 months, and

(c) the individual was a resident of Minnesota throughout the preceding taxable year.

(6) No addition to the tax shall be imposed under this subdivision with respect to any underpayment to the extent the commissioner determines that the provisions of section 6654(e)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, apply.

(7) For the purposes of applying this subdivision, the estimated tax shall be computed without any reduction for the amount which the individual estimates as the individual's credit under section 290.92, subdivision 12 (relating to tax withheld at source on wages), and any other refundable credits which are allowed against income tax liability, and the amount of such credits for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amounts shall be deemed paid on each installment date (determined under subdivisions 6 and 7) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

Sec. 42. Minnesota Statutes 1986, section 290.9726, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The gross income of the shareholders of corporations described in section 290.9725 shall be computed under the provisions of section 290.01, ~~subdivisions subdivision 20 to 20f.~~

Sec. 43. Minnesota Statutes 1986, section 290.9726, subdivision 2, is amended to read:

Subd. 2. [CHARACTER OF ITEMS DISTRIBUTED OR CONSIDERED DISTRIBUTED.] The character of any item of income, gain, loss, or deduction included in shareholder's income, for the period of time that the shareholder is not a resident of Minnesota, shall be assignable as provided in section 290.17, ~~subdivision 2,~~ determined as if the item were realized directly from the source from which it was realized by the corporation or incurred in the same manner as incurred by the corporation.

Sec. 44. Minnesota Statutes 1986, section 290.9726, subdivision 4, is amended to read:

Subd. 4. [TREATMENT OF FAMILY GROUPS.] Any amount of taxable income apportioned or allocated to a shareholder may be apportioned, reapportioned or allocated by the commissioner between or among shareholders of the corporation who are members of the shareholder's family, as defined in section 290.10, clause (6) reallocated under the provisions of section 1366(e) of the Internal Revenue Code of 1986, as amended through December 31, 1986, if the commissioner determines that the apportionment or allocation is it necessary in order to correctly reflect the value of services rendered to the corporation by the shareholders.

Sec. 45. Minnesota Statutes 1986, section 290.974, is amended to read:

290.974 [RETURN OF S CORPORATION.]

Every S corporation shall make a return for each taxable year during which said election is in effect stating specifically the names and addresses of all persons owning stock in the corporation at any time during the taxable year, the number of shares of stock owned by each shareholder at all times during the taxable year, each shareholder's pro rata share of each item of the corporation for the taxable year, and such other information for the purposes of carrying out the provisions of sections 290.01, subdivisions ~~20 19 to 20f 19b~~ and 290.9725 as the commissioner may by forms and rules prescribe.

Sec. 46. Minnesota Statutes 1986, section 462C.11, subdivision 2, is amended to read:

Subd. 2. [PROGRAM REQUIREMENTS.] Mortgage credit certificate programs adopted by the city shall comply with all of the provisions of section 25 of the Internal Revenue Code of ~~1954, as amended through July 18, 1984~~ 1986.

Sec. 47. Minnesota Statutes 1986, section 462C.11, subdivision 3, is amended to read:

Subd. 3. [CORRECTION AMOUNTS.] Correction amounts determined by the secretary of the treasury because of the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed pursuant to section 462C.09, ~~subdivision 5 against the amount of qualified mortgage bonds allocated by chapter 474A to the issuer which adopted the program. If no 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 multifamily housing pool.~~

## Sec. 48. [LUMP SUM DISTRIBUTIONS.]

If an individual elects to treat a lump sum distribution received after December 31, 1986 and before March 16, 1987 as if it were received in taxable year 1986 under section 1124 of the Tax Reform Act of 1986, Public Law Number 99-514, the individual shall treat the distribution as if it were received in taxable year 1986 for purposes of the lump sum distribution tax imposed under Minnesota Statutes 1986, section 290.032.

## Sec. 49. [ALTERNATIVE MINIMUM TAX.]

In taxable years beginning prior to January 1, 1988, for purposes of the tax imposed by Minnesota Statutes, section 290.091, section 13208(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law Number 99-272 is effective at the same time that it is effective for federal income tax purposes. The time limit for filing a claim or an amended return for the year 1982 shall be the same as the time provided under section 1896 of the Tax Reform Act of 1986, Public Law Number 99-514, for the filing of a similar claim or amended return for federal purposes.

## Sec. 50. [MINISTERS; MILITARY PERSONNEL.]

Mortgage interest and property taxes paid by a minister or by military personnel allocable to a parsonage allowance or an off base military allowance are deductible for all taxable years to the extent allowed by section 144 of the Tax Reform Act of 1986, Public Law Number 99-514.

## Sec. 51. [ESTIMATED TAX, EXCEPTION.]

No addition to tax, penalties, or interest may be made under Minnesota Statutes, section 290.53 or 290.93 for any period before January 15, 1988 with respect to an underpayment of estimated tax, to the extent that the underpayment was created or increased by elimination of the subtractions for pension income, military pay, or unemployment compensation.

## Sec. 52. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1986" for the words "Internal Revenue Code of 1954 as amended through December 31, 1985" wherever that phrase occurs in chapters 290, except in section 290.01, subdivision 20, and 291.

## Sec. 53. [REPEALER.]

Minnesota Statutes 1986, sections 290.01, subdivisions 20a, 20b, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.077, subdivision 3; 290.079; 290.08; 290.085; 290.088; 290.089; 290.09; 290.12, subdivision 4; 290.139; and 290.9726, subdivisions 3, 5, and 6, are repealed.

Sec. 54. [PURPOSE.]

It is the intent of the legislature to simplify Minnesota's income tax. In order to simplify, many complicating provisions are repealed by this article and the revenue is used to fund income tax relief. It is the clear intent of the legislature to eliminate all carryovers and basis adjustments of these complicating provisions and conform with federal tax law as quickly as possible.

Sec. 55. [EFFECTIVE DATE.]

Sections 1 to 5, 8 to 29, 32, 34, 42 to 45, and 53 are effective for taxable years beginning after December 31, 1986. Sections 30 and 31 are effective for taxable years ending after the date of final enactment. Section 33 is effective August 1, 1986. Sections 35 to 40 are effective the day after final enactment. Section 41 is effective for taxable years beginning after December 31, 1987. Section 6 is effective for taxable years beginning after December 31, 1986, except as otherwise provided in clauses (i) to (v) of that section.

## ARTICLE 2

### BUSINESS AND INSURANCE TAXES

Section 1. Minnesota Statutes 1986, section 60A.13, subdivision 1a, is amended to read:

Subd. 1a. In addition, on or before March 1 of each year, an insurance company, including reciprocal exchanges and fraternal benefit societies, doing business in Minnesota shall file with the commissioner of revenue a copy of the annual statement required by subdivision 1. A company that fails to file a copy of the statement with the commissioner is subject to the penalties in section 72A.061.

Sec. 2. Minnesota Statutes 1986, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES OTHER THAN TOWN AND FARMERS' MUTUAL AND DOMESTIC MUTUALS OTHER THAN LIFE.] On or before April 15, June 15, and December 15 of each year, every domestic and foreign company, except including town and farmers' mutual insurance companies and, domestic mutual insurance companies other than

life, and fraternal benefit societies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year based on a sum equal to two percent of the gross premiums less return premiums on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6. Failure of a company to make payments of at least one-third of either (a) the total tax paid during the previous calendar year or (b) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this subdivision section. A foreign fraternal benefit society is subject to the rate of gross premiums tax imposed on fraternal benefit societies by the state in which it is domiciled. A foreign fraternal benefit society is domiciled in the state in which it is incorporated and where its principal offices are located.

Sec. 3. Minnesota Statutes 1986, section 60A.199, subdivision 1, is amended to read:

Subdivision 1. [EXAMINATION OF BOOKS AND RECORDS.] If the commissioner considers it necessary, the commissioner may examine the books and records of a surplus lines licensee to determine whether the licensee is conducting business in accordance with sections 60A.195 to 60A.209. For the purposes of facilitating examinations, the licensee shall allow the commissioner free access at reasonable times to all of the licensee's books and records relating to the transactions to which sections 60A.195 to 60A.209 apply. If an examination is conducted, the cost of the examination shall be paid by the insurer surplus line agent or agency.

Sec. 4. Minnesota Statutes 1986, section 60A.199, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF RETURNS; ASSESSMENT; REFUNDS.] The commissioner of revenue shall, as soon as practicable after a return required by section 60A.198 is filed, examine it and make any investigation or examination of the ~~company's~~ licensee's records and accounts that the commissioner deems necessary for determining the correctness of the return. The tax computed by the commissioner on the basis of the examination and investigation is the tax to be paid by the ~~company~~ licensee. If the tax found due is greater than the amount reported due on the ~~company's~~ licensee's return, the commissioner shall assess a tax in the amount of the excess and the whole amount of the excess shall be paid to the commissioner within 60 days after notice of the amount and demand for its payment is mailed to the ~~company~~ licensee by the commissioner. ~~If the understatement of the tax on the return was false and fraudulent with intent to evade the tax, the installments of the tax shown by the company on its return which are not paid shall be paid to the state treasurer within 60 days after notice of the amount thereof and demand for payment is mailed to the company by the~~



commissioner. If the amount of the tax found due by the commissioner is less than that reported due on the company's licensee's return, the excess shall be refunded to the company licensee in the manner provided by this section, except that no demand therefor is necessary, if the whole of the tax has been paid or credited against any unpaid installment thereof. No refund shall be made except as provided in this section after the expiration of 3½ years after the filing of the return.

If the commissioner examines returns of a company licensee for more than one year, the commissioner may issue one order covering the several years under consideration reflecting the aggregate refund or additional tax due.

The notices and demands provided for by this section shall be in the form the commissioner determines, including a statement, and shall contain a brief explanation of the computation of the tax and shall be sent by mail to the company licensee at the address given in its on the return. If the address is not given, then they will be sent to the last known address.

At the request of the commissioner of revenue, the commissioner of commerce may examine and investigate the returns under section 60A.198 that the commissioner of revenue designates. The commissioner of commerce shall report to the commissioner of revenue the results of the examination in the manner required by the commissioner of revenue.

Sec. 5. Minnesota Statutes 1986, section 60A.199, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO FILE; FALSE OR FRAUDULENT RETURN.] If any company licensee required by section 60A.198 to file any return fails to do so within the time prescribed or makes, willfully or otherwise, an incorrect, false, or fraudulent return, ~~it~~ the licensee must, on the written demand of the commissioner of revenue, file the return, or corrected return, within 60 days after the mailing of the written demand and at the same time pay the whole tax, or additional tax, due on the basis thereof. If the company licensee fails within that time to file the return, or corrected return, the commissioner shall make ~~for it~~ a return, or corrected return, from personal knowledge and from the information obtainable through testimony, or otherwise, and assess a tax on the basis thereof. The tax assessed, less any payments theretofore made on account of the tax for the taxable year covered by the return, must be paid within 60 days after the commissioner has mailed to the company licensee a written notice of the amount thereof and demand for its payment. Any return or assessment made by the commissioner on account of the failure of the company licensee to make a return, or a corrected return, is prima facie correct and valid,

and the company licensee has the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto.

Sec. 6. Minnesota Statutes 1986, section 60A.199, subdivision 5, is amended to read:

Subd. 5. [INTENT TO EVADE TAX; PENALTY.] If any company licensee with intent to evade the tax imposed by this chapter, fails to file any return required by this chapter or with such intent files a false or fraudulent return there shall also be imposed on it a penalty as provided in section 290.53, subdivision 3.

Sec. 7. Minnesota Statutes 1986, section 60A.199, subdivision 7, is amended to read:

Subd. 7. [COLLECTION OF TAX.] The tax required to be paid by section 60A.198 may be collected in any ordinary action at law by the commissioner of revenue against the company licensee. In any action commenced pursuant to this section, upon the filing of an affidavit of default, the court administrator of the district court wherein the action was commenced shall enter judgment for the state for the amount demanded in the complaint together with costs and disbursements.

Sec. 8. Minnesota Statutes 1986, section 60A.199, subdivision 8, is amended to read:

Subd. 8. [REFUND PROCEDURE; TIME LIMIT; APPROPRIATION.] A company licensee which has paid, voluntarily or otherwise, or from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 3, no claim or refund shall be allowed or made after 3½ years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company licensee. For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine ~~the same it~~, shall make and file written findings thereon denying or allowing the claim in whole or in part, and shall mail a notice thereof to the company licensee at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue a certificate for a refund of the excess paid by the company licensee, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax until the date the refund is paid or credit is made to the company licensee. The commissioner of finance shall cause the refund to be paid as

other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 9. Minnesota Statutes 1986, section 60A.199, subdivision 9, is amended to read:

Subd. 9. [DENIAL OF CLAIM; COURT PROCEEDINGS.] If the claim is denied in whole or in part, the commissioner shall mail an order of denial to the company licensee in the manner prescribed in this section. An appeal from this order may be taken to the Minnesota tax court in the manner prescribed in section 271.06, or the company licensee may commence an action against the commissioner to recover the denied overpayment. The action may be brought in the district court of the district in which lies the county of its principal place of business, or in the district court for Ramsey county. The action in the district court shall be commenced within 18 months following the mailing of the order of denial to the company licensee. If a claim for refund is filed by a company licensee and no order of denial is issued within six months of the filing, the company licensee may commence an action in the district court as in the case of a denial, but the action must be commenced within two years of the date that the claim for refund was filed.

Sec. 10. Minnesota Statutes 1986, section 60A.199, subdivision 10, is amended to read:

Subd. 10. [CONSENT TO EXTEND TIME.] If the commissioner and the company licensee have, within the periods prescribed in subdivision 4 by this section, consented in writing to any extension of time for the assessment of the tax, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, is the period within which the commissioner and the company licensee have consented to an extension for the assessment of the tax and six months thereafter, the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.

Sec. 11. Minnesota Statutes 1986, section 60A.199, subdivision 11, is amended to read:

Subd. 11. [OVERPAYMENT; REFUNDS.] If the amount determined to be an overpayment exceeds the taxes imposed by section 60A.198, the amount of excess shall be considered an overpayment. An amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which the amount was paid.

Notwithstanding any other provision of law to the contrary, in the case of any overpayment the commissioner, within the applicable period of limitations, shall refund any balance of more than \$1 to the company \$10 if the company licensee so requests.

Sec. 12. Minnesota Statutes 1986, section 60A.209, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION; REGULATION.] A resident of this state may obtain insurance from an ineligible surplus lines insurer in this state through a surplus lines licensee. The licensee shall first attempt to place the insurance with a licensed insurer, or if that is not possible, with an eligible surplus lines insurer. If coverage is not obtainable from a licensed insurer or an eligible surplus lines insurer, the licensee shall certify to the commissioner, on a form prescribed by the commissioner, that these attempts were made. Upon obtaining coverage from an ineligible surplus lines insurer, the licensee shall:

(a) Have printed, typed, or stamped in red ink upon the face of the policy in not less than 10 point type the following notice: "THIS INSURANCE IS ISSUED PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THIS INSURANCE IS PLACED WITH AN INSURER THAT IS NOT LICENSED BY THE STATE NOR RECOGNIZED BY THE COMMISSIONER OF COMMERCE AS AN ELIGIBLE SURPLUS LINES INSURER. IN CASE OF ANY DISPUTE RELATIVE TO THE TERMS OR CONDITIONS OF THE POLICY OR THE PRACTICES OF THE INSURER, THE COMMISSIONER OF COMMERCE WILL NOT BE ABLE TO ASSIST IN THE DISPUTE. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED." The notice may not be covered or concealed in any manner; and

(b) Collect from the insured appropriate premium taxes and report the transaction to the commissioner of revenue on a form prescribed by the commissioner. If the insured fails to pay the taxes when due, the insured shall be subject to a civil fine of not more than \$3,000, plus accrued interest from the inception of the insurance.

Sec. 13. Minnesota Statutes 1986, section 60A.209, subdivision 3, is amended to read:

Subd. 3. [DUTY TO REPORT.] Each insured in this state who procures, causes to be procured, or continues or renews insurance with an ineligible surplus lines insurer or any self-insurer in this state who procures or continues excess of loss, catastrophe, or other insurance upon a subject of insurance resident, located, or to be performed within this state, other than insurance procured pursuant to section 60A.201 or subdivision 1 of this section shall file a written report regarding the insurance with the commissioner of revenue on forms prescribed by the commissioner of revenue and furnished to the insured upon request. The report shall be filed within 30 days after the date the insurance was procured, continued, or renewed and shall be accompanied by the tax on the premiums of two percent. The report shall show all of the following:

- (a) The name and address of the insured;
- (b) The name and address of the insurer;
- (c) The subject of the insurance;
- (d) A general description of the coverage;
- (e) The amount of premium currently charged for the insurance; and
- (f) Any additional pertinent information reasonably requested by the commissioner of revenue.

Sec. 14. Minnesota Statutes 1986, section 60A.24, is amended to read:

60A.24 [EXEMPTIONS FROM INSURANCE LAWS OF THIS STATE.]

The following are exempt from all insurance laws of the state except for laws dealing with taxation: All organizations listed in section 64B.38 of the laws relating to fraternal beneficiary associations benefit societies.

Sec. 15. Minnesota Statutes 1986, section 60C.06, is amended by adding a subdivision to read:

Subd. 5. [SURCHARGE.] (a) The plan of operation adopted pursuant to section 60C.07 must require each member insurer to recoup over a reasonable length of time a sum reasonably calculated to recoup the assessments paid by the member insurer under this article by way of a surcharge on premiums charged for insurance policies to which this chapter applies.

(b) The amount of any surcharge must be separately stated on either a billing or policy declaration sent to an insured. The association shall determine the rate of the surcharge and the collection period for each category and these are mandatory for all member insurers of the association who write business in those categories.

(c) The plan of operation may permit a member insurer to omit collection of the surcharge from its insured when the expense of collecting the surcharge would exceed the amount of the surcharge. However, nothing in this section shall relieve the member insurer of its obligation to recoup the amount of the surcharge otherwise collectible.

Sec. 16. Minnesota Statutes 1986, section 64B.39, subdivision 4, is amended to read:

Subd. 4. [RESERVE; TAXATION.] Every association may create and maintain a reserve fund for that purpose and shall be held to be an institution of public charity, and shall be exempt from payment of any taxes for state, county, or municipal purposes, except that the real estate of the association shall be taxed as other real estate in the state and the association shall be subject to the gross premiums tax imposed by section 60A.15.

Sec. 17. Minnesota Statutes 1986, section 67A.11, subdivision 3, is amended to read:

Subd. 3. [ANNUAL STATEMENT.] (a) On or before March first, following the end of each fiscal year, the president and the secretary shall file with the commissioner a verified statement of the entire business and condition of the company, which statement shall contain such data and information in reference to the business of the preceding fiscal year as shall be required by the commissioner.

(b) On or before March 1 of each year, the president and secretary shall also file with the commissioner of revenue a copy of the verified statement required by paragraph (a). Failure to file the statement on or before March 1 will subject the company to a penalty of \$10 a day up to a maximum of \$100.

Sec. 18. Minnesota Statutes 1986, section 69.011, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means any home rule charter or statutory city, organized town or park district subject to chapter 398, and the University of Minnesota.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire

department having a subsidiary volunteer firefighters' relief association.

(e) "Assessed property valuation" means latest available assessed value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto liability-bodily injury, auto liability-property damage, and auto physical damage insurance coverages as reported in the Minnesota business schedule of the fire and casualty insurance companies annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification pursuant to subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

(5) who is a member of a local police relief association to which section 69.77 applies or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized pursuant to section 424A.05, subdivision 3, clauses (2), (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the board of regents.

Sec. 19. Minnesota Statutes 1986, section 69.011, subdivision 2, is amended to read:

**Subd. 2. [QUALIFICATION FOR FIRE OR POLICE STATE AID.]**

(a) In order to qualify to receive fire state aid, on or before July 1, annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association whichever is applicable, and the secretary and the treasurer of the firefighters' relief association fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31. Certification shall be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification shall be made to the commissioner in duplicate. Each copy of the certificate shall be duly executed and deemed an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and retain one copy.

(b) On or before July 1 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.

On or before July 1 annually, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (h), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year shall be apportioned. Each full month of employment of a qualifying officer during the calendar year shall entitle the employing munic-



ipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer shall commence when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer shall be included in the certification of the number of peace officers by more than one municipality or county for the same month.

Sec. 20. Minnesota Statutes 1986, section 69.021, subdivision 1, is amended to read:

Subdivision 1. [MINNESOTA FIRETOWN PREMIUM REPORT AND MINNESOTA AID TO POLICE PREMIUM REPORT.] The commissioner of ~~revenue~~ shall, at the time of mailing ~~annual statement and tax forms~~, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports shall contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts the commissioner may require.

Sec. 21. Minnesota Statutes 1986, section 69.021, subdivision 2, is amended to read:

Subd. 2. [REPORT OF PREMIUMS.] Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner of ~~commerce~~ with its annual financial statement the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, and sprinkler leakage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner of ~~commerce~~ or by rating bureaus recognized by the commissioner of ~~commerce~~. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends received, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision

1, clause (f), except that domestic mutual insurance companies shall not file a report.

Each insurer shall, in addition to filing with the commissioner of commerce the reports required by this subdivision, file the reports required by this subdivision with the commissioner of revenue.

Sec. 22. Minnesota Statutes 1986, section 69.021, subdivision 3, is amended to read:

Subd. 3. [PENALTY FOR FRAUDULENT, INCORRECT, INCOMPLETE RETURNS AND LATE FILING OF REPORT WITH THE COMMISSIONER OF COMMERCE.] When it appears to the commissioner of commerce that any insurer has made an incomplete or inaccurate report the commissioner of commerce shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report by on or before March 1, annually, or within 30 days after demand by the commissioner of commerce, the insurer shall be liable and shall pay \$25 for each seven days delinquent or fraction thereof not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in this subdivision for knowingly filing an inaccurate or false report.

Any insurer who knowingly makes and files an inaccurate or false report shall be liable to a fine of not less than \$25 nor more than \$1,000 and the commissioner of commerce may revoke the insurer's certificate of authority.

Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner of commerce shall be fined not more than \$1,000. Failure of the insurer to receive a reporting form shall not excuse the insurer from filing the report.

Sec. 23. Minnesota Statutes 1986, section 69.54, is amended to read:

69.54 [SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.]

The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in this city of the first class, or by its agents for it, in cash or otherwise. This surcharge shall be due and payable from these companies to the state treasurer, in equal installments, on March 15, May 15, and November 15 of each calendar year, and if not paid within 30 days after these dates, a penalty of ten percent shall

accrue thereon and thereafter this sum and penalty shall draw interest at the rate of one percent per month until paid.

Sec. 24. Minnesota Statutes 1986, section 69.55, is amended to read:

**69.55 [WARRANT ON STATE TREASURER.]**

The commissioner of finance semiannually after ~~July 31, 1984,~~ July 31 and December 31 of each year shall issue and deliver to the treasurer of the relief association in ~~such each~~ each city a warrant upon the state treasurer for an amount equal to the total amount of the surcharge on the premiums within the city theretofore so collected and transmitted to the state treasurer by these insurance companies. There is hereby appropriated out of ~~any money in the general fund in the state treasury not otherwise appropriated such sums as may, from time to time,~~ be the amount necessary to pay these warrants.

Sec. 25. Minnesota Statutes 1986, section 79.34, subdivision 1, is amended to read:

Subdivision 1. A nonprofit association known as the workers' compensation reinsurance association is created, which may be incorporated under chapter 317 with all the powers of a corporation formed under that chapter, except that if the provisions of that chapter are inconsistent with sections 79.34 to 79.40 or any amendments thereto, sections 79.34 to 79.40 shall govern. Each insurer as defined by section 79.01, subdivision 2, shall as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and shall be bound by the plan of operation of the reinsurance association; provided, that all affiliated insurers within a holding company system as defined in sections 60D.01 to 60D.13 shall be considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association. Each self-insurer approved pursuant to section 176.181 and each political subdivision which self-insures shall, as a condition of its authority to self-insure workers' compensation liability in this state, be a member of the reinsurance association and shall be bound by its plan of operation; provided, that (a) all affiliated companies within a holding company system, as determined by the commissioner in a manner consistent with the standards and definitions in sections 60D.01 to 60D.13, shall be considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association, and (b) all group self-insurers granted authority to self-insure pursuant to section 176.181 shall be considered a single entity for purposes of the exercise of all the rights and duties of membership in the reinsurance association. As a condition of its authority to self-insure workers' compensation liability, and for losses incurred on or after January 1, 1984, the state shall be a member of the reinsurance

association and is bound by its plan of operation. The commissioner of labor and industry represents the state in the exercise of all the rights and duties of membership in the reinsurance association. The state treasurer shall pay the premium to the reinsurance association from the state compensation revolving fund upon warrants of the commissioner of labor and industry. For the purposes of this section "state" means the administrative branch of state government, the legislative branch, the judicial branch, the University of Minnesota, and any other entity whose workers' compensation liability is paid from the state revolving fund. The commissioner of finance may calculate, prorate, and charge a department or agency the portion of premiums paid to the reinsurance association for employees who are paid wholly or in part by federal funds, dedicated funds, or special revenue funds. The reinsurance association is not a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of labor and industry with respect to the reinsurance association are not subject to chapters 13, 14, and 15. ~~The reinsurance association is exempt from taxation under the laws of this state and~~ All property owned by the association is exempt from taxation. The reinsurance association is not obligated to make any payments or pay any assessments to any funds or pools established pursuant to this chapter or chapter 176 or any other law.

Sec. 26. Minnesota Statutes 1986, section 79.34, is amended by adding a subdivision to read:

Subd. 1a. The direct funded premium received by the reinsurance association is subject to the gross premium tax imposed by section 60A.15. Only direct funded premium payments made to the reinsurance association by self-insurers approved pursuant to section 176.181 and each political subdivision that self-insures shall be subject to the gross premiums tax.

Sec. 27. Minnesota Statutes 1986, section 176.129, is amended by adding a subdivision as follows:

Subd. 5a. With respect to an amount assessed pursuant to this section, an employer may reduce the amount assessed by reimbursements which are owed to the employer for benefits paid for injuries occurring in the calendar year preceding the assessment year pursuant to sections 176.131 and 176.132 of this chapter.

Sec. 28. Minnesota Statutes 1986, section 176A.08, is amended to read:

176A.08 [EXEMPTION FROM AND APPLICABILITY OF CERTAIN LAWS.]

The fund shall not be considered a state agency for any purpose including, but not limited to, chapters 13, 14, 15, 15A, and 43A. However, the fund shall be subject to sections 179A.01 to 179A.25.

The insurance operations of the fund are subject to all of the provisions of chapters 60A and 60B. The commissioner of commerce has the same powers with respect to the board as the commissioner has with respect to a private workers' compensation insurer under chapters 60A and 60B. The fund is considered an insurer for the purposes of chapters 60C, 72A, 79, and 176. The fund is subject to the same tax liability as a mutual insurance company in this state pursuant to section 60A.15, subdivision 2. As a condition of its authority to transact business in this state the fund shall be a member of the workers' compensation reinsurance association and is bound by its plan of operation.

Sec. 29. Minnesota Statutes 1986, section 273.1313, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] (a) The governing body of any municipality which contains a designated enterprise zone as provided by section 273.1312 shall by resolution establish a program for classification of new property or improvements to existing property as employment property pursuant to the provisions of this section. Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner, with additions as may be prescribed by the municipal governing body. The application shall contain, where appropriate, a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use, the probable time schedule for undertaking any construction or improvement, and information regarding the matters referred to in paragraph (d); the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and if the property is to be improved or expanded, an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

(b) Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property, and shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published, stating that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing. If disapproved, the reasons shall be set forth in the resolution, and the applicant may appeal to the commissioner within 30 days thereafter, but only on the ground that the determination is arbitrary, in

relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the matters set forth in paragraph (d), and the clerk or auditor shall transmit it to the commissioner.

(c) Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner shall take action on it. The commissioner shall approve each application approved by the governing body on finding that it complies with the provisions of this section. If the commissioner disapproves the application, or finds grounds exist for appeal of a disapproved application, the commissioner shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the commissioner or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

(d) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (1), an application shall not be approved unless the governing body finds and determines that the construction or improvement of the facility:

(1) is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(2) is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(3) is not likely to cause the total market value of employment property within the municipality to exceed five percent of the total market value of all taxable property within the municipality; or if it will, the resulting limitation upon the increase of the assessed value of all taxable property within the municipality, considering the amount of additional municipal services likely to be required for the employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(4) will not result in the reduction of the assessed value of existing property within the municipality owned by the applicant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within a reasonable time in a manner sufficient to restore the assessed valuation.

(e) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), an application for

assessment as employment property under section 273.13, subdivision 24, paragraph (b), or for a tax reduction pursuant to section 273.1314, subdivision 9, may not be approved unless the governing body finds and determines that the construction or improvement of the facility is not likely to have the effect of transferring existing employment from one or more other municipalities within the state.

(f) All participating enterprise zone municipalities must submit, with each application from businesses that previously have not received enterprise zone credits, a written multiyear enterprise zone tax credit distribution plan. The plan must set forth: (1) the maximum amount of credits to be drawn over the five year allowable period; and (2) the maximum amount of state tax credits to be drawn each of those five years, and whether the form will be in tax credits or refunds.

(g) Within 90 days of final enactment of this act, all participating enterprise zone municipalities must submit a written multiyear enterprise zone tax credit distribution plan. The plan must specify the maximum amounts of state tax credits previously approved business applicants are eligible to receive in each of the remaining years for which credits have been authorized. The commissioner may only approve requests for state tax credits from a business that is included in an enterprise zone municipality's written multiyear enterprise zone tax credit distribution plan and that meets the requirements established in sections 273.1312 to 273.1314. The commissioner may not approve any request for state tax credits from a business that exceeds the amount set forth in an enterprise zone municipality's multiyear enterprise zone tax credit distribution plan for that business entity for that year.

Sec. 30. Minnesota Statutes 1986, section 273.1313, is amended by adding a subdivision to read:

Subd. 2a. [APPLICATION DUE DATES.] To be eligible to receive tax reductions, the deadline for consideration of all applications from businesses that previously have not received enterprise zone credits is March 21, 1987. All applications from businesses which previously have not received enterprise zone credits must have been submitted to the municipal clerk or auditor by March 21, 1987, and the public hearing must be completed by June 19, 1987. The receipt date for all applications submitted to the municipality from businesses that previously have not received enterprise zone credits must be certified by the municipal clerk. The certification must be notarized. The requirements of section 273.1313, subdivision 2, paragraphs (f) and (g), apply to all applications submitted pursuant to this section.

The provisions of this subdivision do not apply to enterprise zones designated pursuant to section 273.1312, subdivision 4, clause (c)(3) (relating to border city enterprise zones).

Sec. 31. Minnesota Statutes 1986, section 273.1314, subdivision 10, is amended to read:

Subd. 10. [RECAPTURE.] Any business which (a) receives tax reductions authorized by subdivision 9, classification as employment property pursuant to section 273.1312, or an alternative local contribution under subdivision 6; and (b) ceases to operate its facility located within the enterprise zone within two years after the expiration of the tax reductions shall repay the amount of the tax reduction or local contribution pursuant to the following schedule:

Termination of Operations	Repayment Portion
Less than 6 months	100 percent
6 months or more but less than 12 months	75 percent
12 months or more but less than 18 months	50 percent
18 months or more but less than 24 months	25 percent

The repayment must be paid to the state to the extent it represents a tax reduction under subdivision 9 and to the municipality to the extent it represents a property tax reduction or other local contribution. Any amount repaid to the state must be credited to the amount certified as available for tax reductions in the zone pursuant to subdivision 8. Any amount repaid to the municipality must be used by the municipality for economic development purposes.

The commissioner of revenue may seek repayment of tax credits from a business ceasing to operate within an enterprise zone.

Sec. 32. Minnesota Statutes 1986, section 273.1314, is amended by adding a subdivision to read:

Subd. 10a. [INTEREST.] When tax credits allowed under subdivision 9 result in an overpayment within the meaning of section 290.50, the excess to be refunded to the taxpayer shall bear interest at the amount specified in section 270.76, computed from 90 days after (1) the due date of the return or (2) the date on which the return is filed, whichever is later, to the date the refund is paid.

Sec. 33. Minnesota Statutes 1986, section 290.01, subdivision 4, is amended to read:

Subd. 4. [CORPORATIONS.] The term "corporation" shall include joint stock companies and corporations existing under the laws of any state or country; partnerships, limited or otherwise, the organization of which is not interrupted by the death of a general partner or by a change in the ownership of the general partner's participating interest, and the management of which is centralized in one or more persons acting in a representative capacity; associations (other than ordinary partnerships) and common-law trusts organized or conducted for profit; and financial institutions.



Sec. 34. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 4a. [FINANCIAL INSTITUTION.] (a) "Financial institution" means:

(1) a holding company;

(2) any regulated financial corporation; or

(3) any other corporation organized under the laws of the United States or organized under the laws of this state or any other state or country that is carrying on the business of a financial institution.

(b) "Holding company" means any corporation registered under the Federal Bank Holding Company Act of 1956, as amended, or registered as a savings and loan holding company under the Federal National Housing Act, as amended.

(c) "Regulated financial corporation" means an institution, the deposits or accounts of which are insured under the Federal Deposit Insurance Act or by the Federal Savings and Loan Insurance Corporation, any institution which is a member of a Federal Home Loan Bank, any other bank or thrift institution incorporated or organized under the laws of a state or any foreign country which is engaged in the business of receiving deposits, any corporation organized under the provisions of United States Code, title 12, sections 611 to 631 (Edge Act Corporations), and any agency of a foreign depository as defined in United States Code, title 12, section 3101.

(d) "Business of a financial institution" means:

(1) the business that a regulated financial corporation may be authorized to do under state or federal law or the business that its subsidiary is authorized to do by the proper regulatory authorities;

(2) the business that any corporation organized under the authority of the United States or organized under the laws of this state or any other state or country does or has authority to do which is substantially similar to the business which a corporation may be created to do under chapters 46 to 55 or any business which a corporation or its subsidiary is authorized to do by those laws; or

(3) the business that any corporation organized under the authority of the United States or organized under the laws of this state or any other state or country does or has authority to do if the corporation derives more than 50 percent of its gross income from lending activities (including discounting obligations) in substantial competition with the businesses described in clauses (1) and (2). For

purposes of this clause, the computation of the gross income of a corporation does not include income from nonrecurring, extraordinary items.

Sec. 35. Minnesota Statutes 1986, section 290.01, subdivision 5, is amended to read:

Subd. 5. [DOMESTIC AND FOREIGN CORPORATIONS.] The term "domestic" when applied to a corporation means a corporation created or organized in Minnesota or under its laws; and the term "foreign" when thus applied means a corporation other than a domestic corporation. The existence of any domestic corporation shall be deemed the exercise by it of the privilege of existing as a corporation; the grant to any foreign corporation of the right to engage in transacting local business within this state shall be deemed the grant to it of the privilege of transacting such business within this state in corporate or organized form; and the transaction of the local business within this state by any foreign corporation shall be deemed the transaction of such business within this state in corporate or organized form.

Sec. 36. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest upon obligations of: the United States, its possessions, its agencies, or its instrumentalities to the extent the obligations are not subject to federal tax; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; or the District of Columbia;

(3) exempt interest dividends as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any windfall profits tax deducted under section 164 or 471 of the Internal Revenue Code;

(5) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 of the Internal Revenue Code;

(6) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(7) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(8) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(9) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code;

(10) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(11) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code of 1986, as amended through December 31, 1986; and

(12) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities.

Sec. 37. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME.] For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the decrease in salary expense for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt

from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code of 1986, as amended through December 31, 1986, except that:

(i) capital loss carrybacks shall not be allowed; and

(ii) a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 265 or 291 of the Internal Revenue Code of 1986, as amended through December 31, 1986 in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to section 36, clause (10), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986 and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7.

Sec. 38. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 19e. [DEPRECIATION MODIFICATIONS FOR CORPORATIONS.] In the case of corporations, a modification shall be made for the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system is the same amount as provided in section 168 of the Internal Revenue Code with the following modifications for taxable years beginning after December 31, 1986:

(1) for property placed in service after December 31, 1980, and before January 1, 1987, 40 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1985, for 15-, 18-, or 19-year real property shall not be allowed and for all other property 20 percent shall not be allowed;

(2) for property placed in service after December 31, 1987, no modification shall be made;

(3) for property placed in service after July 31, 1986, and before January 1, 1987, for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law Number 99-514, and for property placed in service after December 31, 1986, and before January 1, 1988, 15 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1986 shall not be allowed;

(4) for property placed in service after December 31, 1980, and before January 1, 1987, for which the taxpayer elects to use the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided in section 168(e)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1985, but excluding property for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law Number 99-514, the modifications provided in clauses (1) and (2) do not apply;

(5) for property subject to the modifications contained in clauses (1) and (3) and Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), the following modification shall be made after the entire amount of the allowable deduction has been allowed for federal tax purposes for that property under the provisions of section 168 of the Internal Revenue Code of 1986, as amended through December 31, 1986. The remaining depreciable basis in those assets for Minnesota purposes, including the amount of any basis reduction to reflect the investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code of 1986, as amended through December 31, 1986, shall be a depreciation allowance computed using the straight line method over the following number of years:

- (i) three-year property, one year;
- (ii) five-year and seven-year property, two years;
- (iii) ten-year property, five years;
- (iv) all other property, seven years;

(6) for property placed in service after December 31, 1987, the remaining depreciable basis for Minnesota purposes that is attributable to the basis reduction for federal purposes to reflect the investment tax credit under sections 48(q) and 49(d) of the Internal Revenue Code of 1986, as amended through December 31, 1986, shall be allowed as a deduction in the first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code of 1986, has been allowed, except that where the straight line method provided in section 168(b)(3) is used, the deduction provided in this clause shall be allowed in the last taxable year in which an allowance for depreciation is allowed for that property;

(7) for qualified timber property for which the taxpayer made an election under section 194 of the Internal Revenue Code of 1986, the remaining depreciable basis for Minnesota purposes is allowed as a deduction in the first taxable year after the entire allowable deduction has been allowed for federal tax purposes;

(8) the basis of property to which section 168 of the Internal Revenue Code applies shall be its basis as provided in this chapter including the modifications provided in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c). The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code of 1986, as amended through December 31, 1986, apply but shall be calculated using the basis provided in the preceding sentence; and

(9) the basis of an asset acquired in an exchange of assets, including an involuntary conversion, is the same as its federal basis under the provisions of the Internal Revenue Code of 1986, except that the difference in basis due to the modifications in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), shall be a deduction as provided in clause (5).

Sec. 39. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 19f. [BASIS MODIFICATIONS AFFECTING GAIN OR LOSS ON DISPOSITION OF PROPERTY.] (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs (f) and

(g) For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs (b) to (j) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

(c) The basis of property subject to the accelerated cost recovery system under section 168 of the Internal Revenue Code shall be modified to reflect the modifications in depreciation with respect to the property provided for in subdivision 19e. For certified pollution control facilities for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, the basis of the property must be increased by the amount of the amortization deduction not previously allowed under this chapter.

(d) For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

(e) The basis shall be diminished by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

(f) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(g) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

(h) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1986, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

(i) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code of 1986, as amended through December 31, 1986, the date December 31, 1956, shall be substituted for June 22, 1954.

(j) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

(k) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to (j). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (f) and (g).

(l) The modifications contained in paragraphs (b) to (j) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

Sec. 40. Minnesota Statutes 1986, section 290.01, subdivision 22, is amended to read:

Subd. 22. [TAXABLE NET INCOME.] For tax years beginning after December 31, 1986, the term "taxable net income" means:

(1) for resident individuals the same as net income;

(2) for individuals who were not residents of Minnesota for the entire year, the same as net income except that the tax is imposed only on the Minnesota apportioned share of that income as determined pursuant to section 290.06, subdivision 2c, paragraph (f);

(3) for all other taxpayers, the part of net income that is allocable to Minnesota by assignment or apportionment under one or more of sections 290.17, 75, 290.20, 290.35, and 290.36.

For tax years beginning before January 1, 1987, the term "taxable net income" means the net income assignable to this state pursuant to sections 290.17 to 290.20. For corporations, taxable net income is then reduced by the deductions contained in section 290.21.



Sec. 41. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

Subd. 29. [TAXABLE INCOME.] For tax years beginning after December 31, 1986, the term "taxable income" means:

(1) for individuals, estates, and trusts, the same as taxable net income;

(2) for corporations, the taxable net income less

(i) the net operating loss deduction under section 290.095;

(ii) the dividends received deduction under section 290.21, subdivision 4; and

(iii) the charitable contribution deduction under section 290.21, subdivision 3.

Sec. 42. [290.014] [JURISDICTION TO TAX IN GENERAL.]

Subdivision 1. [RESIDENT INDIVIDUALS.] All net income of resident individuals is subject to tax under this chapter.

Subd. 2. [NONRESIDENT INDIVIDUALS.] Income of nonresident individuals is subject to tax under this chapter and nonresident individuals are subject to the return filing requirements under this chapter to the extent that the income is:

(1) allocable to this state under section 290.17, 75, or 290.20;

(2) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the individual directly from the source from which realized by the estate;

(3) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character that is taxable under this chapter) in the individual's capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into

account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the individual directly from the source from which realized by the trust;

(4) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the individual directly from the source from which realized by the partnership; or

(5) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a shareholder of a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1986, and income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the individual directly from the source from which realized by the corporation.

Subd. 3. [TRUSTS AND ESTATES.] Trusts and estates, whether resident or nonresident, are subject to the return filing requirements under this chapter and the income of trusts and estates is subject to tax under this chapter to the extent that the income of the trust or estate is:

(1) allocable to this state under section 290.17, 75, or 290.20;

(2) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary of a trust or estate with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the trust or beneficiary estate directly from the source from which realized by the distributing estate;

(3) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the beneficiary trust or estate directly from the source from which realized by the distributing trust;

(4) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the trust or estate directly from the source from which realized by the partnership; or

(5) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a shareholder of a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1986, and income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the trust or estate directly from the source from which realized by the corporation.

Subd. 4. [PARTNERSHIPS.] Partnerships are not subject to tax under this chapter but are subject to the return filing requirements under this chapter and their partners are subject to tax under this chapter on their shares of partnership income to the extent that the income of the partnership is:

(1) allocable to this state under section 290.17, 75, or 290.20;

(2) taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a

beneficiary of an estate with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the partnership directly from the source from which realized by the estate;

(3) taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the partnership directly from the source from which realized by the trust; or

(4) taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the second tier partnership directly from the source from which realized by the first tier partnership.

Subd. 5. [CORPORATIONS.] A corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1986, is not subject to tax under this chapter, except as provided in section 290.9725, but its shareholders are, and it is subject to the return filing requirements under this chapter. Other corporations are subject to the return filing requirements and to tax under this chapter if the corporation so exercises its franchise as to engage in such contacts with this state as to cause part of the income of the corporation to be:

(1) allocable to this state under section 290.17, 75, 290.20, 290.35, or 290.36;

(2) taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary of an estate with income allocable to this state under

section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the corporation directly from the source from which realized by the estate;

(3) taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the corporation directly from the source from which realized by the trust; or

(4) taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1986, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 75, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, would be allocable to this state under section 290.17, 75, or 290.20 if realized by the corporation directly from the source from which realized by the partnership.

**Sec. 43. [290.015] [MINIMUM CONTACTS REQUIRED FOR JURISDICTION TO TAX TRADE OR BUSINESS.]**

Subdivision 1. [GENERAL RULE.] A person, other than a resident individual, that conducts a trade or business with its principal place of business outside of Minnesota is subject to the taxes imposed by this chapter with respect to that trade or business to the extent provided in this section if the trade or business makes sales or receives other income that is assignable or apportionable to this state under section 290.17, 75, 290.20, 290.35 or 290.36 without regard to physical presence in this state, except as provided in subdivision 2. Activities that subject a person to tax under this chapter include, but are not limited to:

(1) having a place of business in this state;

(2) having employees, representatives, or independent contractors conducting business activities in this state;

(3) regularly selling products or services of any kind or nature to customers in this state who receive the product or service in this state;

(4) regularly soliciting business from potential customers in this state;

(5) performing services in this state;

(6) regularly engaging in transactions with customers in this state that involve intangible property and result in income flowing to the person from within this state; or

(7) if a financial institution, regularly soliciting and receiving deposits from customers in this state.

Subd. 2. [PRESUMPTION.] A person shall be presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it conducts transactions described in subdivision 1 with 20 or more residents of this state during any tax period or, if a financial institution, if the sum of its assets and the absolute value of its deposits attributable to sources within this state equals or exceeds \$5,000,000. Assets and deposits must be attributed to sources within this state by applying the principles established under section 75.

Subd. 3. [EXCEPTION.] Notwithstanding subdivision 1, a person is not subject to tax under this chapter if the person is engaged in the business of selling tangible personal property and taxation of that person under this chapter is precluded by Public Law Number 86-272, United States Code, title 15, sections 381 to 384.

Subd. 4. [LIMITATIONS.] This section shall not be deemed to (a) subject a trade or business to any regulation, including any tax, of any local unit of government or subdivision of this state if the trade or business does not own or lease tangible or real property located within this state and has no employees or independent contractors present in this state to assist in the carrying on of the business; or (b) exclude a trade or business from the filing requirements of the notice of business activities report under section 84.

Subd. 5. [DETERMINATION AT ENTITY LEVEL.] Determinations under this section with respect to trades or businesses conducted by a partnership, trust, estate, or corporation with an election in effect under section 1362 of the Internal Revenue Code, or any other entity, the income of which is or may be taxed to its owners or beneficiaries shall be made with respect to the entity carrying on the trade or business and not with respect to owners or beneficiaries of the trade or business, the taxability of which under this chapter shall be determined under section 42.

Sec. 44. Minnesota Statutes 1986, section 290.02, is amended to read:

**290.02 [EXCISE FRANCHISE TAX ON CORPORATIONS; IMPOSITION, MEASUREMENT MEASURED BY NET INCOME.]**

An annual excise franchise tax is hereby imposed upon every domestic corporation for the privilege of existing as a corporation during any part of its taxable year, and upon every foreign corporation doing business within this state, except those included within section 290.03, including but not limited to railroad companies for the grant to it of the privilege of transacting or for the actual transaction by it of any local business within this state during any part of its taxable year, in corporate or organized form on the exercise of the corporate franchise to engage in contacts with this state that produce gross income attributable to sources within this state is imposed upon every corporation, domestic and foreign, that so exercises its franchise during the taxable year.

Contacts within this state do not include transportation in interstate or foreign commerce, or both, by means of ships navigating within or through waters that are made international for navigation purposes by any treaty or agreement to which the United States is a party.

The tax so imposed shall be measured by such corporations' taxable net income and alternative minimum tax base for the taxable year for which the tax is imposed, and computed in the manner and at the rates provided in this chapter.

Sec. 45. Minnesota Statutes 1986, section 290.03, is amended to read:

**290.03 [INCOME TAX; IMPOSITION, CLASSES OF TAXPAYERS.]**

An annual tax for each taxable year, computed in the manner and at the rates hereinafter provided, is hereby imposed upon the taxable net income for such year of the following classes of taxpayers:

(1) Foreign corporations not taxable under section 290.02 which own property within this state or whose business within this state during the taxable year consists exclusively of foreign commerce, interstate commerce, or both;

Business within the state shall not be deemed to include transportation in interstate or foreign commerce, or both, by means of ships navigating within or through waters which are made interna-

tional for navigation purposes by any treaty or agreement to which the United States is a party;

(2) Resident and nonresident individuals;

(3) (2) Estates of decedents, dying domiciled within or without this state;

(4) (3) Trusts (except those taxable as corporations) however created by residents or nonresidents or by domestic or foreign corporations.

Sec. 46. Minnesota Statutes 1986, section 290.05, subdivision 1, is amended to read:

Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty (as defined in section 299.02) shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

(c) mutual insurance companies or associations, including interinsurers and reciprocal underwriters, that are exempt as provided in the Revenue Act of 1936.

Sec. 47. Minnesota Statutes 1986, section 290.05, subdivision 2, is amended to read:

Subd. 2. Except as provided in subdivisions 1 and 3, organizations are exempted from taxation under this chapter if they are exempt from income taxation pursuant to Subchapter F of the Internal Revenue Code. Township mutual insurance companies, as defined in chapter 67A, and nonprofit health service plan corporations, as



defined in chapter 62C, are subject to taxation under chapter 290 unless they are exempt from taxation under subchapter F of the Internal Revenue Code of 1986.

Sec. 48. Minnesota Statutes 1986, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) Section 527 (dealing with political organizations) and;

(ii) section 528 (dealing with certain homeowners associations);  
and

(iii) sections 511 to 514 (dealing with unrelated business income);

but, notwithstanding this subdivision, shall be considered an organization exempt from income or franchise tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or, homeowner associations or the unrelated business income of nonprofit and charitable organizations. The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in ~~sections 290.09 and section 290.21~~ shall not be allowed in computing Minnesota taxable net income.

Sec. 49. Minnesota Statutes 1986, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] (a) The privilege and income taxes franchise tax imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable deductions allowed under section ~~290.21~~ the following rates:

(1) On the first \$25,000, for the first taxable year beginning after December 31, 1981 and before January 1, 1983 nine percent and, for taxable years beginning after December 31, 1982, six percent; provided that, in the case of a corporation having taxable net income allocated to this state pursuant to the provisions of section 290.19, 290.20, 290.35, or 290.36, the amount of income subject to this rate shall be that proportion of \$25,000 which its income allocable to this state bears to its total taxable net income; and

(2) On the remainder, 12 rate of ten percent.

(b) Notwithstanding paragraph (a), if the increase in tax rates is imposed pursuant to article 10, section 5, for taxable years beginning after December 31, 1987 the rate of tax is 11 percent.

Sec. 50. Minnesota Statutes 1986, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] ~~In addition to the deduction provided in section 290.09.~~ A corporation, other than a corporation with a valid election in effect under section 290.9725, is allowed a credit against the tax imposed by this chapter for the taxable year equal to:

(a) ~~12.5~~ 5 percent of the first \$2 million of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base period research expenses; and

(b) ~~6.25~~ 2.5 percent on all of such excess expenses over \$2 million.

Sec. 51. Minnesota Statutes 1986, section 290.068, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses as defined in section ~~30 41~~(b) and (e) of the Internal Revenue Code, except it shall not include expenses incurred for basic research conducted outside the state of Minnesota pursuant to section ~~30 41~~(e); or (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317 for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section ~~30 41~~(d) of the Internal Revenue Code, except that the term shall not include qualified research conducted outside the state of Minnesota.

(c) "Base period research expenses" means base period research expenses as defined in section ~~30 41~~(c) of the Internal Revenue Code, except that "December 31, 1981" shall be substituted for "June 30,

1981" in subparagraph (B) of paragraph (2) and the definitions contained in clauses (a) and (b) shall apply.

(d) "Internal Revenue Code" means the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1984~~ 1986.

Sec. 52. Minnesota Statutes 1986, section 290.068, subdivision 3, is amended to read:

Subd. 3. [LIMITATION; CARRYBACK AND CARRYOVER.] (a)(1) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

(2) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryback to each of the three preceding taxable years and a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a research and experimental expenditure credit carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 45th month following the end of the taxable year in which the research and experimental expenditure credit arises which results in the carryback, plus any extension of time granted for filing the return, but only if the return was filed within the extended time. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, the period of limitations shall be that period which ends with the expiration of the 15th day of the 45th month following the end of the subsequent taxable year, plus any extension of time granted for filing the return, but only if the return

was filed within the extended time. In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a research and experimental expenditure credit, interest shall be computed only from the end of the taxable year in which the credit arises. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, interest shall be computed from the end of the subsequent taxable year.

Sec. 53. Minnesota Statutes 1986, section 290.068, subdivision 4, is amended to read:

Subd. 4. [PARTNERSHIPS.] In the case of partnerships the credit shall be allocated in the same manner provided by section ~~30~~ 41(f)(2) of the Internal Revenue Code.

Sec. 54. Minnesota Statutes 1986, section 290.068, subdivision 5, is amended to read:

Subd. 5. [ADJUSTMENTS; ACQUISITIONS AND DISPOSITIONS.] If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base period shall be adjusted in the same manner provided by section ~~30~~ 41(f)(3) of the Internal Revenue Code, except that "December 31, 1980" shall be substituted for "June 30, 1980."

Sec. 55. Minnesota Statutes 1986, section 290.069, subdivision 2a, is amended to read:

Subd. 2a. [RECAPTURE; TECHNOLOGY TRANSFER CREDIT.] (a) A corporation which receives a tax reduction pursuant to Minnesota Statutes 1986, section 290.069, subdivision 2 shall repay to the commissioner an amount of the tax reduction as specified in paragraph (b) if any of the following conditions occur within a three-year period after the date of transfer of the technology.

(1) The transferee ceases operations in the technology corridor project area.

(2) The transferee becomes a subsidiary or affiliate of the transferor.

(3) The transferee sells, transfers, or otherwise disposes of the rights to technology.

(4) The transferee fails to make the necessary payments or expenditures required by Minnesota Statutes 1986, section 290.069, subdivision 2, paragraph (g).

(5) The transferee grants an interest to the transferor in violation of Minnesota Statutes 1986, section 290.069, subdivision 2, paragraph (h).

(b) The amount of the repayment is determined pursuant to the following schedule:

Occurrence of event causing recapture	Repayment portion
Less than six months	100 percent
Six months or more but less than 12 months	83 $\frac{1}{3}$ percent
12 months or more but less than 18 months	66 $\frac{2}{3}$ percent
18 months or more but less than 24 months	50 percent
24 months or more but less than 30 months	33 $\frac{1}{3}$ percent
30 months or more but less than 36 months	16 $\frac{2}{3}$ percent

Sec. 56. Minnesota Statutes 1986, section 290.069, subdivision 4b, is amended to read:

Subd. 4b. [MULTISTATE BUSINESSES.] If a qualified small business is engaged in a business partly within and partly without the state, the credit allowable pursuant to subdivision 2 for technology transferred to the business must be apportioned. The credit determined pursuant to Minnesota Statutes 1986, section 290.069, subdivision 2 must be multiplied by the arithmetical average of the qualified small business' property and payrolls, determined as provided by section 290.19, subdivision 1, clauses (2)(a)(2) and (2)(a)(3), using data from the most recently available year. After the technology is transferred, the qualified small business shall certify to the transferor taxpayer its factors under section 290.19, subdivision 1, clauses (2)(a)(2) and (2)(a)(3) for each of the succeeding two tax years. If the factors for either of these years would result in at least a 25 percent change in the allowable credit, the taxpayer shall file an amended return repaying or claiming the difference in the credit. The preceding sentence does not apply if the qualified small business ceases operations in Minnesota and the recapture provisions of subdivision 2a or 4a apply.

Sec. 57. [290.092] [ALTERNATIVE MINIMUM TAX FOR CORPORATIONS.]

Subdivision 1. [IMPOSITION OF TAX.] In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess (if any) of

(1) .001 multiplied by the alternative minimum tax base, over

(2) the amount of tax computed under this chapter without regard to this section.

Subd. 2. [EXEMPTIONS.] Corporations subject to tax under sections 290.05, subdivision 3, and 290.35, real estate investment trusts, regulated investment companies, cooperatives taxable under subchapter T of the Internal Revenue Code of 1986, or organized under chapter 308 or a similar law of another state, and corporations having a valid election in effect under section 1362 or 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, are not subject to the tax imposed in subdivision 1.

Subd. 3. [ALTERNATIVE MINIMUM TAX BASE.] The alternative minimum tax base equals the sum of:

- (1) the total amount of Minnesota sales and receipts;
- (2) the amount of the taxpayer's total Minnesota property; and
- (3) the taxpayer's total Minnesota payrolls, less the exemption amount, if any.

Subd. 4. [DEFINITIONS.] (a) "Minnesota sales and receipts" means the total sales apportioned to Minnesota pursuant to section 75, subdivision 5, the total receipts attributed to Minnesota pursuant to section 75, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 75, subdivisions 9 to 11, and any other tangible property located in Minnesota. Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 75, subdivision 12. Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

(d) "The exemption amount" equals the lesser of (1) the sum of the taxpayer's Minnesota sales and receipts, property, and payrolls or (2) \$5,000,000 reduced by the amount of the taxpayer's total sales and receipts, property, and payrolls in excess of \$15,000,000. Total sales and receipts, property, and payroll means the total determined under section 75 as the denominator of the apportionment formula. In the case of a unitary business filing a combined return, the amount must reflect the factors of the entire unitary business as reported on the combined return.

Subd. 5. [CREDITS.] In computing the tax under this section, the following credits are allowed:

(1) the enterprise zone credits allowed by section 273.1314, subdivision 9;

(2) the credits for estimated taxes paid; and

(3) the research and development credit allowed by section 290.068.

Sec. 58. [290.093] [TAX COMPUTATION FOR MUTUAL SAVINGS BANKS CONDUCTING LIFE INSURANCE BUSINESS.]

Mutual savings banks as defined in section 594 of the Internal Revenue Code of 1986, as amended through December 31, 1986, are subject to a tax consisting of the sum of the taxes determined under clauses (1) and (2):

(1) a tax computed on the taxable income determined without regard to any items of gross income or deductions properly allocable to the business of the life insurance department, at the rates and in the manner as if this section did not apply; and

(2) a tax computed on the income of the life insurance department determined without regard to any items of gross income or deductions not properly allocable to the department computed in the manner provided in section 290.35 and at the rate provided in section 290.06.

This section applies only if the life insurance department would, if it were treated as a separate corporation, qualify as a life insurance company under section 816 of the Internal Revenue Code of 1986, as amended through December 31, 1986.

Sec. 59. Minnesota Statutes 1986, section 290.095, subdivision 1, is amended to read:

Subdivision 1. [ALLOWANCE OF DEDUCTION.] (a) There shall be allowed as a deduction for the taxable year the amount of any net operating loss deduction as defined in subdivision 2, clause (b); provided, however, that the modifications specified in subdivision 4 shall be made in computing the taxable net income for the taxable year before the net operating loss deduction shall be allowed provided in section 172 of the Internal Revenue Code of 1986, as amended through December 31, 1986, subject to the limitations and modifications provided in this section.

(b) A net operating loss deduction shall be available under this section only to corporate taxpayers except as provided in that

subdivisions 7, 9, and 11 hereof apply only to individuals, estates, and trusts.

Sec. 60. Minnesota Statutes 1986, section 290.095, subdivision 2, is amended to read:

Subd. 2. [DEFINED AND LIMITED.] (a) The term "net operating loss" as used in this section shall mean ~~the excess of the deductions of the kind provided for in section 290.09, permitted to be taken in computing a taxpayer's taxable net income, as that term is defined in section 290.01, subdivision 22, over the gross income used in computing such taxable net income~~ a net operating loss as defined in section 172(c) of the Internal Revenue Code of 1986, as amended through December 31, 1986, with the modifications specified in subdivision 4. The deductions provided in section 290.21 cannot be used in the determination of a net operating loss.

(b) The term "net operating loss deduction" as used in this section means the aggregate of the net operating loss ~~carrybacks and carryovers~~ to the taxable year, computed in accordance with subdivision 3. The provisions of section 172(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, relating to the carryback of net operating losses, do not apply.

Sec. 61. Minnesota Statutes 1986, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER AND CARRYBACK.] (a) ~~Except as provided in clause (d) or subdivision 8,~~ A net operating loss for any taxable year shall be:

(1) A net operating loss carryback to each of the three taxable years preceding the taxable year of such loss, and

(2) a net operating loss carryover to each of the five 15 taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which, ~~by reason of subdivision 3, clause (a) or (d),~~ such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the ~~prior~~ taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apportions its income under the provisions of section ~~290.19~~ 75, the net operating loss deduction shall be allowed to the



extent of the apportionment ratio of the loss year, or the year to which the loss is carried, whichever is smaller.

(d) ~~Where a corporation files a combined report which reflects the entire unitary business as provided in section 290.34, subdivision 2, the corporation shall not be allowed a net operating loss carryback to a year in which it did not file a combined report. The number of taxable years for which a net operating loss carryover is allowed shall be increased by the number of taxable years for which a net operating loss carryback is not allowed under this clause. No additional net operating loss deduction is allowed in a subsequent taxable year for the portion of a net operating loss deduction used to offset Minnesota income in a year in which the taxpayer is subject to the alternative minimum tax in section 57.~~

Sec. 62. Minnesota Statutes 1986, section 290.095, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION AND MODIFICATIONS.] The following modifications shall be made in computing a net operating loss in any taxable year and also in computing the taxable net income for any taxable year before a net operating loss deduction shall be allowed:

(a) No deduction shall be allowed for or with respect to losses connected with income producing activities if the income therefrom would not be required to be either assignable to this state or included in computing the taxpayer's taxable net income.

(b) A net operating loss deduction shall not be allowed.

(c) The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includable on account of gains from sales or exchanges of capital assets. ~~The deduction for long-term capital gains provided by section 290.16, subdivision 4, shall not be allowed.~~

(d) Renegotiation of profits for a prior taxable year under the renegotiation laws of the United States of America, including renegotiation of the profits with a subcontractor, shall not enter into the computation.

(e) Federal income and excess profits taxes shall not be allowed as a deduction.

Sec. 63. Minnesota Statutes 1986, section 290.095, subdivision 7, is amended to read:

Subd. 7. [TENTATIVE CARRYBACK ADJUSTMENTS.] (a) Application for adjustment. ~~A taxpayer~~ An individual, estate or trust

may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by a loss or credit carryback from any taxable year. The application shall be signed and verified as provided in section 290.37, subdivision 1, and shall be filed on or after the date of filing of the return for the taxable year from which the carryback results and within a period of 12 months from the end of such taxable year (or with respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, the application shall be filed within a period of 12 months from the end of the subsequent taxable year), in the manner and form required by rules prescribed by the commissioner. The application shall set forth in such detail and with such supporting data and explanation as such rules shall require:

- (1) the amount of the loss or credit;
- (2) the amount of the tax previously determined for the prior taxable year affected by such carryback;
- (3) the amount of decrease in such tax, attributable to such carryback, such decrease being determined by applying the carryback in the manner provided by law to the items on the basis of which such tax was determined;
- (4) the unpaid amount of such tax;
- (5) such other information for purposes of carrying out the provisions of this subdivision as may be required by such rules.

An application under this subdivision shall not constitute a claim for refund until 90 days from the date on which the application was filed, at which time it will become a claim for refund under the provisions of section 290.50.

(b) Allowance of adjustments. Within a period of 90 days from the date on which an application for a tentative carryback adjustment is filed under (a), or from the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for filing the return for the taxable year from which such carryback results, whichever is the later, the commissioner shall make, to the extent the commissioner deems practicable in such period a limited examination of the application, to discover omissions and errors of computation therein, and shall determine the amount of the decrease in the tax attributable to such carryback upon the basis of the application and the examination, except that the commissioner may disallow, without further action, any application on finding that it contains errors of computation which the commissioner deems cannot be corrected by the commissioner within such 90-day period or material omissions. Such decrease shall be applied against any unpaid amount of tax decreased and any remainder shall, within such 90-day period, be either credited

against any tax or installment thereof then due from the taxpayer, or refunded to the taxpayer.

(c) The provisions of this subdivision shall apply to net operating loss carrybacks as provided in subdivision 3 or 11; capital loss carrybacks as provided in section 290.16, subdivision 6; research credit carrybacks as provided in section 290.068, subdivision 3 290.01, subdivisions 19, 19a, and 19b; and to any other carrybacks which may be provided in this chapter.

Sec. 64. Minnesota Statutes 1986, section 290.12, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENTS.] For taxable years beginning before January 1, 1987, in computing the amount of gain or loss under subdivision 1 the basis of the property is its adjusted basis for federal income tax purposes, except as otherwise provided in this chapter. In addition to other adjustments provided in this chapter, the adjusted basis of property for federal income tax purposes shall be increased by the amount of accelerated cost recovery system depreciation which was allowed for federal income tax purposes but not allowed for Minnesota income tax purposes under Minnesota Statutes 1986, section 290.01, subdivision 20f or 290.09, subdivision 7, paragraph (A)(c). The basis shall be diminished by the allowance for amortization of bond premium if an election to amortize was made in accordance with Minnesota Statutes 1986, section 290.09, subdivision 13, which could, during the period of the taxpayer's ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, amortization, or depletion actually sustained before such date. In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this chapter, the basis of the property is its adjusted basis for federal income tax purposes, except as otherwise provided in this chapter.

Sec. 65. Minnesota Statutes 1986, section 290.131, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTIONS OF PROPERTY.] For taxable years beginning before January 1, 1987, the effects on recipients of a distribution by a corporation shall be governed by the provisions of sections 301 to 307 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986. However, in section 301(c)(3)(B) the date January 1, 1933 shall be substituted for March 1, 1913 when determining the amount of a distribution that is not taxable.

Sec. 66. Minnesota Statutes 1986, section 290.132, subdivision 1, is amended to read:

Subdivision 1. [TAXABILITY OF CORPORATION ON DISTRIBUTION.] For taxable years beginning before January 1, 1987, no gain or loss shall be recognized to a corporation on the distribution, with respect to its stock as provided in section 311 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

The effect on earnings and profits shall be determined according to the provisions of section 312 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986. However, when determining earnings and profits in section 312(f) and (g), the date December 31, 1932 shall be substituted for February 28, 1913, and January 1, 1933 shall be substituted for March 1, 1913.

Sec. 67. Minnesota Statutes 1986, section 290.133, subdivision 1, is amended to read:

Subdivision 1. [DIVIDEND DEFINED.] For taxable years beginning before January 1, 1987, for purposes of this chapter, the definitions provided in sections 316 to 318 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, shall apply. However, in section 316 (a)(1), "December 31, 1932" shall be substituted for "February 28, 1913" when determining dividends.

Sec. 68. Minnesota Statutes 1986, section 290.134, subdivision 1, is amended to read:

Subdivision 1. [GAIN OR LOSS TO SHAREHOLDERS IN CORPORATE LIQUIDATIONS.] For taxable years beginning before January 1, 1987, the effects on recipients of corporate liquidations shall be governed by the provisions of sections 331 to 334 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986. However, in section 333(f)(2), the date December 31, 1932, shall be substituted for February 28, 1913 when determining accumulated earnings and profits.

Sec. 69. Minnesota Statutes 1986, section 290.135, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] For taxable years beginning before January 1, 1987, gain or loss shall be recognized to a corporation on the distribution of property in complete liquidation or on any distribution or sale of an interest in a partnership as provided in sections 336 to 346 and 386 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

Sec. 70. Minnesota Statutes 1986, section 290.136, subdivision 1, is amended to read:

Subdivision 1. [TRANSFER TO CORPORATION CONTROLLED BY TRANSFEROR.] For taxable years beginning before January 1, 1987, the provisions of sections 351 to 368 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, shall apply to corporate organizations and reorganizations. However, in section 362, the phrase "acquired in a taxable year beginning after December 31, 1956" shall be substituted for "acquired on or after June 22, 1954" when determining the property to which this section applies.

Sec. 71. Minnesota Statutes 1986, section 290.138, subdivision 3, is amended to read:

Subd. 3. [CARRYOVERS IN CERTAIN CORPORATE ACQUISITIONS.] The provisions of sections 381 and 382 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, shall apply to carryovers in certain corporate acquisitions and special limitations on net operating loss carryovers.

Sec. 72. Minnesota Statutes 1986, section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]

For taxable years beginning before January 1, 1987, except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be its adjusted basis for federal income tax purposes, with the following exceptions:

(1) Corporations, partnerships, or individuals subject to the occupation tax under chapter 298, shall use the occupation tax basis;

(2) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1985 (relating to the rollover of gain on sale of principal residence) shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 73. Minnesota Statutes 1986, section 290.17, is amended to read:

Subdivision 1. [INCOME OF RESIDENT INDIVIDUALS SCOPE OF ALLOCATION RULES.] The gross income of individuals shall

be their gross income as defined in section 290.01, subdivision 20 (a) The income of resident individuals is not subject to allocation outside this state. The allocation rules apply to nonresident individuals, estates, trusts, nonresident partners of partnerships, nonresident shareholders of corporations having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1986, and all corporations not having such an election in effect. If a partnership or corporation would not otherwise be subject to the allocation rules, but conducts a trade or business that is part of a unitary business involving another legal entity that is subject to the allocation rules, the partnership or corporation is subject to the allocation rules.

(b) Expenses, losses, and other deductions (referred to collectively in this paragraph as "deductions") shall be allocated along with the item or class of gross income to which they are definitely related for purposes of assignment under this section or apportionment under section 75, 290.20, 290.35, or 290.36. Deductions not definitely related to any item or class of gross income shall be assigned to the taxpayer's domicile.

Subd. 1a. [SUBSEQUENT ADJUSTMENT.] When a loss has been reduced by the amount of tax preference items pursuant to Minnesota Statutes 1983 Supplement, section 290.17, subdivision 1, and the taxpayer subsequently sells or otherwise disposes of an asset in relation to which arose an item of tax preference which caused the reduction of the loss, the taxpayer may increase the basis of the asset by the amount of the tax preference item that was used to reduce the loss. If the asset is a depletable asset, the taxpayer may elect to so increase its basis upon disposition or to reduce the amount of otherwise taxable income subsequently produced by that asset by the amount of the tax preference item.

Subd. 2. [OTHER TAXPAYERS INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR BUSINESS.] In the case of an individual who is not a full-year resident, this subdivision applies to determine what income is assignable to Minnesota for purposes of determining the numerator of the fraction used in section 290.06, subdivision 2c. In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1)(a) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of nonresident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state.

The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business shall be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from labor or personal or professional services shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state.

(b) (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. In order to eliminate the need to file state or provincial income tax returns in several states or provinces, Minnesota will exclude from income any income assigned to Minnesota under the provisions of this clause for a nonresident athlete who is employed by an athletic team whose operations are not based in this state and for a nonresident salaried entertainer who is employed by an entertainment organization whose operations are not based in this state if the state or province in which the athletic team or entertainment organization is based provides a similar income exclusion. If the state or province in which the athletic team's or the entertainment organization's operations are based does not have an income tax on an individual's personal service income, it will be deemed that that state or province has a similar income exclusion. As used in the preceding sentence, the term "province" means a province of Canada; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income from winnings on Minnesota pari-mutuel betting tickets shall be assigned to this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property employed in the business of such recipient if such business consists principally of the holding of such property

and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state or is a resident trust or estate.

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for the owner's services and the use of the owner's property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1).

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for the owner's services and the use of the owner's property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the provisions of section 290.19, notwithstanding any provisions of this subdivision to the contrary. This shall not apply to business income subject to the provisions of clause (1), nor shall it apply to income from the operation of a farm which is subject to the provisions of clause (2). For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

If the trade or business carried on wholly or partly in Minnesota is part of a unitary business, the entire income of that unitary business shall be subject to apportionment under section 290.19 except for business income subject to the provisions of clause (1) and farm income subject to the provisions of clause (2). The term "unitary business" shall mean business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group. Unity shall be presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity of ownership will not be deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more corporations more than 50 percent



of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group.

The entire income of a unitary business shall be subject to apportionment as provided in section 290.19. None of the income of a unitary business shall be considered as derived from any particular source and none shall be allocated to any particular place except as provided by the applicable apportionment formula.

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer firefighters' relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 408, or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1985, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(6) All other items of gross income shall be assigned to the taxpayer's domicile.

(3) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer firefighters' relief association, by way of payment as a pension, public employee retirement benefit, or any combination of these, or as a retirement or

survivor's benefit made from a plan qualifying under section 401, 403, 408, or 409, or as defined in section 403(b) or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1986, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in Minnesota that is not employed in the business of the recipient of the income or gains shall be assigned to this state.

(c) Except upon the sale of a partnership interest, income or gains from intangible personal property not employed in the business of the recipient of the income or gains shall be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

(d) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state.

(e) Income from winnings on Minnesota pari-mutuel betting tickets shall be assigned to this state.

(f) All items of gross income not covered in paragraphs (a) to (e) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

Subd. 3. [TRADE OR BUSINESS INCOME; GENERAL RULE.] Income derived from carrying on a trade or business shall be assigned to this state if the trade or business is conducted wholly within this state, assigned outside this state if conducted wholly without this state and apportioned between this state and other states and countries under this subdivision if conducted partly within and partly without this state. For purposes of determining whether a trade or business is carried on exclusively within or without this state:

(a) A trade or business physically located exclusively within this state is nevertheless carried on partly within and partly without

this state if any of the principles set forth in section 75 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state.

(b) A trade or business physically located exclusively without this state is nevertheless carried on partly within and partly without this state if any of the principles set forth in section 75 for the allocation of sales or receipts within or without this state when applied to the taxpayer's situation result in the allocation of any sales or receipts without this state. The jurisdiction to tax such a business under this chapter shall be determined in accordance with sections 42 and 43.

Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 75. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business shall be considered derived from any particular source and none shall be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this paragraph do not apply to farm income subject to subdivision 5, paragraph (b), business income subject to subdivision 5, paragraph (c), income of an insurance company determined under section 290.35, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a corporation, a partnership or a trust.

(c) Unity shall be presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or

more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group.

(f) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 75 or 290.20, there shall be included only the income and apportionment factors of corporations or other entities created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any the foregoing and of any FSC as defined in section 922 of the Internal Revenue Code of 1986, as amended through December 31, 1986, that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that other corporations or other entities organized in foreign countries might be included in the unitary business.

(g) Each corporation or other entity that is part of a unitary business shall file such combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (f) shall be eliminated and the entire net income of the unitary business determined in accordance with this subdivision shall be apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (f) in the denominators of the apportionment formula.

Subd. 5. [SPECIAL RULES.] Notwithstanding subdivisions 3 and 4, all income from the operation of the following types of businesses shall be allocated as follows:

(a) All income from the operation of a farm shall be assigned to this state if the farm is located within this state and no such income shall be assigned to this state if the farm is located without this state.

(b) Income from a trade or business consisting principally of the performance of personal or professional services shall be assigned to this state if, and to the extent that, the services are performed within this state.

(c) For athletic teams when the visiting team does not share in the gate receipts, all of the team's income is assigned to the state in which the team's operation is based.

Subd. 6. [NONBUSINESS INCOME.] For a trade or business for which allocation of income within and without this state is required,

if the taxpayer has any income not connected with the trade or business carried on partly within and partly without this state that income shall be allocated under subdivision 2. Intangible property is employed in a trade or business if the owner of the property holds it as a means of furthering the trade or business.

Sec. 74. Minnesota Statutes 1986, section 290.171, is amended to read:

#### 290.171 [ENACTMENT OF MULTISTATE TAX COMPACT.]

The "multistate tax compact" is hereby enacted into law to the extent provided in this section and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

#### Article I. Purposes.

The purposes of this compact are to:

1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.
2. Promote uniformity or compatibility in significant components of tax systems.
3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.
4. Avoid duplicative taxation.

#### Article II. Definitions.

As used in this compact:

1. "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.
2. "Subdivision" means any governmental unit or special district of a state.
3. "Taxpayer" means any corporation, partnership, firm, association, governmental unit or agency or person acting as a business entity in more than one state.
4. "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount

arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.

5. "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.

6. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.

7. "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.

8. "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property and (b) is complementary to a sales tax.

9. "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and any other tax which has a multistate impact, except that the provisions of articles III, IV and article V of this compact shall apply only to the taxes specifically designated therein and the provisions of article IX of this compact shall apply only in respect to determinations pursuant to article IV.

### Article III. Elements of Income Tax Laws.

#### Taxpayer Option, State and Local Taxes.

1. Any taxpayer subject to an income tax whose income is subject to apportionment and allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of subdivisions in two or more party states may elect to apportion and allocate his income in the manner provided by the laws of such state or by the laws of such states and subdivisions without reference to this compact, or may elect to apportion and allocate in accordance with article IV.

This election for any tax year may be made in all party states or subdivisions thereof or in any one or more of the party states or subdivisions thereof without reference to the election made in the others. For the purposes of this paragraph, taxes imposed by subdivisions shall be considered separately from state taxes and the apportionment and allocation also may be applied to the entire tax base. In no instance wherein article IV is employed for all subdivisions of a state may the sum of all apportionments and allocations to subdivisions within a state be greater than the apportionment and allocation that would be assignable to that state if the apportionment or allocation were being made with respect to a state income tax.

#### Taxpayer Option, Short Form.

2. Each party state or any subdivision thereof which imposes an income tax shall provide by law that any taxpayer required to file a return, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the state or subdivision, as the case may be, is not in excess of \$100,000 may elect to report and pay any tax due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax which reasonably approximates the tax otherwise due. The commissioner of revenue, after consultation with the Multistate Tax Commission, not more than once in five years, may adjust the \$100,000 figure in order to reflect such changes as may occur in the real value of the dollar, and such adjusted figure, upon adoption by the commissioner, shall replace the \$100,000 figure specifically provided herein. Each party state and subdivision thereof may make the same election available to taxpayers additional to those specified in this paragraph.

#### Coverage.

3. Nothing in this article relates to the reporting or payment of any tax other than an income tax.

#### Article IV. Division of Income.

1. As used in this article, unless the context otherwise requires:

(a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business, and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, investment company, or any type of insurance company.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity (1) which owns or operates any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, except by pipeline, or the production, transmission, sale, delivery, or furnishing of electricity, water or steam; and (2) whose rates of charges for goods or services have been established or approved by a federal, state or local government or governmental agency.

(g) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this article.

(h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(i) "This state" means the state in which the relevant tax return is filed or, in the case of application of this article to the apportionment and allocation of income for local tax purposes, the subdivision or local taxing district in which the relevant tax return is filed.

2. Any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a financial organization or public utility or the rendering of purely personal services by an individual or any income received by a Minnesota resident individual or income from the operation of a farm, shall allocate and apportion his net income as provided in this article. If a taxpayer has income from business activity as a public utility but derives the greater percentage of his income from activities subject to this article, the taxpayer may elect to allocate and apportion his entire net income as provided in this article.

3. For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if (1) in that state he is subject to a net income tax, a franchise tax measured by net



income, a franchise tax for the privilege of doing business, or a corporate stock tax, or (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

4. All business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.

5. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period.

6. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

7. The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the tax administrator may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

8. The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period.

9. Compensation is paid in this state if:

(a) The individual's service is performed entirely within the state;

(b) The individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or

(c) Some of the service is performed in the state and (1) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (2) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

10. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

11. Sales of tangible personal property are in this state if:

(a) The property is delivered or shipped to a purchaser, other than the United States government, within this state regardless of the f.o.b. point or other conditions of the sale; or

(b) The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States government or (2) the taxpayer is not taxable in the state of the purchaser.

12. Sales, other than sales of tangible personal property, are in this state if:

(a) The income-producing activity is performed in this state; or

(b) The income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

13. If the allocation and apportionment provisions of this article do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(a) Separate accounting;

(b) The exclusion of any one or more of the factors;

(c) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or

(d) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

## Article V. Elements of Sales and Use Tax Laws.

### Tax Credit.

1. Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or

amounts of legally imposed sales or use taxes paid by him with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction.

## Article VI. The Commission.

### Organization and Management.

1. (a) The multistate tax commission is hereby established. It shall be composed of one "member" from each party state who shall be the head of the state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or his designee, or other counsel if the laws of the party state specifically provide, shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys general, designees, or other counsel shall receive all notices of meetings required under paragraph 1(e) of this article.

(b) Each party state shall provide by law for the selection of representatives from its subdivisions affected by this compact to consult with the commission member from that state.

(c) Each member shall be entitled to one vote. The commission shall not act unless a majority of the members are present, and no action shall be binding unless approved by a majority of the total number of members.

(d) The commission shall adopt an official seal to be used as it may provide.

(e) 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.

(f) The commission shall elect annually, from among its members, a chairman, a vice chairman and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and it shall fix his duties and compensation. 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.

(g) Irrespective of the civil service, personnel or other merit system laws of any party 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 their duties and compensation. The commission bylaws shall provide for personnel policies and programs.

(h) The commission may borrow, accept or contract for the services of personnel from any state, the United States, or any other governmental entity.

(i) 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.

(j) The commission may establish one or more offices for the transacting of its business.

(k) 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 party states.

(l) The commission annually shall make to the governor and legislature of each party 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.

#### Committees.

2. (a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice chair-

man, treasurer and four other members elected annually by the commission. The executive committee, subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.

(b) The commission may establish advisory and technical committees, membership on which may include private persons and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.

(c) The commission may establish such additional committees as its bylaws may provide.

#### Powers.

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:

(a) Study state and local tax systems and particular types of state and local taxes.

(b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.

(c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.

(d) Do all things necessary and incidental to the administration of its functions pursuant to this compact.

#### Finance.

4. (a) The commission shall submit to the governor or designated officer or officers of each party 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) Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock

taxes, gross receipts taxes, sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission's budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this paragraph.

(c) The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under paragraph 1(i) of this article, provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under paragraph 1(i), the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(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. 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 at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

(f) Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

#### Article VII. Uniform Regulations and Forms.

1. Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales or use tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. ~~The commission may also act with respect to the provisions of article IV of this compact.~~

2. Prior to the adoption of any regulation, the commission shall:

(a) As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to

all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.

(b) Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written data and views, which shall be considered fully by the commission.

3. The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulation for adoption in accordance with its own laws and procedures.

#### Article VIII. Interstate Audits.

1. Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.

2. The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any account, book, paper, document, other record, property or stock of merchandise being examined in connection with the audit. If the person is not within the jurisdiction, he may be required to attend for such purpose at any time and place fixed by the commission within the state of which he is a resident, provided that such state has adopted this article.

3. The commission may apply to any court having power to issue compulsory process for orders in aid of its powers and responsibilities pursuant to this article and any and all such courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order shall be punishable as contempt of the issuing court. If the party or subject matter on account of which the commission seeks an order is within the jurisdiction of the court to which application is made, such application may be to a court in the state or subdivision on behalf of which the audit is being made or a court in the state in which the object of the order being sought is situated.

The provisions of this paragraph apply only to courts in a state that has adopted this article.

4. The commission may decline to perform any audit requested if it finds that its available personnel or other resources are insufficient for the purpose or that, in the terms requested, the audit is impracticable of satisfactory performance. If the commission, on the basis of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular time or on a particular schedule, would be of interest to a number of party states or their subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient participation therein as determined by the commission.

5. Information obtained by any audit pursuant to this article shall be confidential and available only for tax purposes to party states, their subdivisions or the United States. Availability of information shall be in accordance with the laws of the states or subdivisions on whose account the commission performs the audit, and only through the appropriate agencies or officers of such states or subdivisions. Nothing in this article shall be construed to require any taxpayer to keep records for any period not otherwise required by law.

6. Other arrangements made or authorized pursuant to law for cooperative audit by or on behalf of the party states or any of their subdivisions are not superseded or invalidated by this article.

7. In no event shall the commission make any charge against a taxpayer for an audit.

8. As used in this article, "tax," in addition to the meaning ascribed to it in article II, means any tax or license fee imposed in whole or in part for revenue purposes.

#### Article IX. Arbitration.

1. Whenever the commission finds a need for settling disputes concerning apportionments and allocations by arbitration, it may adopt a regulation placing this article in effect, notwithstanding the provisions of article VII.

2. The commission shall select and maintain an arbitration panel composed of officers and employees of state and local governments and private persons who shall be knowledgeable and experienced in matters of tax law and administration.

3. Whenever a taxpayer who has elected to employ article IV, or whenever the laws of the party state states or subdivision subdivisions thereof are substantially identical with the relevant provisions of article IV, this chapter, the taxpayer, by written notice to the



commission and to each party state or subdivision thereof that would be affected, may secure arbitration of an apportionment or allocation, if he is dissatisfied with the final administrative determination of the tax agency of the state or subdivision with respect thereto on the ground that it would subject him to double or multiple taxation by two or more party states or subdivisions thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided herein, and agrees to be bound thereby.

4. The arbitration board shall be composed of one person selected by the taxpayer, one by the agency or agencies involved, and one member of the commission's arbitration panel. If the agencies involved are unable to agree on the person to be selected by them, such person shall be selected by lot from the total membership of the arbitration panel. The two persons selected for the board in the manner provided by the foregoing provisions of this paragraph shall jointly select the third member of the board. If they are unable to agree on the selection, the third member shall be selected by lot from among the total membership of the arbitration panel. No member of a board selected by lot shall be qualified to serve if he is an officer or employee or is otherwise affiliated with any party to the arbitration proceeding. Residence within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation within the meaning of this paragraph.

5. The board may sit in any state or subdivision party to the proceeding, in the state of the taxpayer's incorporation, residence or domicile, in any state where the taxpayer does business, or in any place that it finds most appropriate for gaining access to evidence relevant to the matter before it.

6. The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.

7. The board shall have power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this paragraph apply only in states that have adopted this article.

8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission

shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless he is required on account of his service to forego the regular compensation attaching to his public employment, but any such board member shall be entitled to expenses.

9. The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.

10. The board shall file with the commission and with each tax agency represented in the proceeding: the determination of the board; the board's written statement of its reasons therefor; the record of the board's proceedings; and any other documents required by the arbitration rules of the commission to be filed.

11. The commission shall publish the determinations of boards together with the statements of the reasons therefor.

12. The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with the appropriate agency or officer in each of the party states.

13. Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceedings.

#### Article X. Entry Into Force and Withdrawal.

1. This compact shall become effective as to any other state upon its enactment. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.

2. Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

3. No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein.

### Article XI. Effect on Other Laws and Jurisdictions.

Nothing in this compact shall be construed to:

(a) Affect the power of any state or subdivision thereof to fix rates of taxation, ~~except that a party state shall be obligated to implement article III 2 of this compact.~~

(b) Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax, provided that the definition of "tax" in article VIII 9 may apply for the purposes of that article and the commission's powers of study and recommendation pursuant to article VI 3 may apply.

(c) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.

(d) Supersede or limit the jurisdiction of any court of the United States.

### Article XII. Construction and Severability.

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

#### Sec. 75. [290.191] [APPORTIONMENT OF NET INCOME.]

Subdivision 1. [GENERAL RULE.] Except as otherwise provided in section 290.17, subdivision 5, the net income from a trade or business carried on partly within and partly without this state must be apportioned to this state as provided in this section.

Subd. 2. [APPORTIONMENT FORMULA OF GENERAL APPLICATION.] Except for those trades or businesses required to use a different formula under subdivision 3 or section 290.35 or 290.36, and for those trades or businesses that receive permission to use

some other method under section 290.20 or under subdivision 4, a trade or business required to apportion its net income shall apportion its income to this state on the basis of the percentage obtained by taking the sum of:

(1) 70 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) 15 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 15 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

Subd. 3. [APPORTIONMENT FORMULA FOR FINANCIAL INSTITUTIONS.] Except a regulated investment company required to apportion its income under section 290.36, a financial institution that is required to apportion its net income shall apportion its net income to this state on the basis of the percentage obtained by taking the sum of:

(1) 70 percent of the percentage which the receipts from within this state in connection with the trade or business during the tax period are of the total receipts in connection with the trade or business during the tax period, from wherever derived;

(2) 15 percent of the percentage which the sum of the total tangible property used by the taxpayer in this state and the intangible property owned by the taxpayer and attributed to this state in connection with the trade or business during the tax period is of the sum of the total tangible property, wherever located, used by the taxpayer and the intangible property owned by the taxpayer and attributed to all states in connection with the trade or business during the tax period; and

(3) 15 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business consists exclusively of the

selling of tangible personal property and services in response to orders received by United States mail or telephone, and 100 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors shall be disregarded. In determining eligibility for this subdivision, the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities shall be disregarded. This subdivision is repealed effective for taxable years beginning after December 31, 1988.

Subd. 5. [DETERMINATION OF SALES FACTOR.] (a) For purposes of this section, the following rules apply in determining the sales factor.

(b) Sales of tangible personal property are made within this state (i) if the property is received by a purchaser, other than the United States government, at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property or (ii) the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and the purchaser is the United States government.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, other than sales of tangible personal property, are made in this state if:

(1) the income-producing activity is performed in this state; or

(2) the income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity

is performed in this state than in any other state, based on costs of performance.

Subd. 6. [DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.] (a) For purposes of this section, the rules in this subdivision and subdivisions 7 and 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets and money market transactions in money market instruments when derived from transactions and activities in the regular course of the taxpayer's trade or business. Contra-expense items are not receipts for purposes of the receipts factor.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property (including both finance leases and true leases) must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

(1) the operation of the property is entirely within the state; or

(2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state (whether at a place of business, by traveling

loan officer, by mail, by telephone or other electronic means) must be attributed to this state.

(h) Interest income and other receipts from commercial loans not secured by real or tangible personal property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the business applied for the loan. "Applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.

(i) Interest income and other receipts from a participating financial institution's portion of participation loans must be attributed under paragraphs (e) to (h). A participation loan is a loan in which more than one lender is a creditor to a common borrower.

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state shall be attributed to this state. It shall be presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state.

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities of this state, its political subdivisions, agencies, and instrumentalities must be attributed to this state.

Subd. 7. [RECEIPTS FROM INVESTMENTS IN NONSTATE SECURITIES; HOW APPORTIONED.] Receipts from investments of a financial institution in other securities and from money market instruments must be apportioned to this state based on the ratio that total deposits from this state, its residents (including any

business with an office or other place of business in this state), its political subdivisions, agencies, and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies, and instrumentalities. In the case of an unregulated financial institution subject to this section, these receipts are apportioned to this state based on the ratio that its gross business income earned from sources within this state bears to gross business income earned from sources within all states. For purposes of this subdivision, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities shall be attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

Subd. 8. [DEPOSIT; DEFINITION.] (a) “Deposit,” as used in subdivision 7, has the meanings in this subdivision.

(b) “Deposit” means the unpaid balance of money or its equivalent received or held by a financial institution in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, time, or thrift account whether or not advance notice is required to withdraw the credited funds, or which is evidenced by its certificate of deposit, thrift certificate, investment certificate, or certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the financial institution, or a letter of credit or a traveler’s check on which the financial institution is primarily liable. However, without limiting the generality of the term “money or its equivalent,” any such account or instrument must be regarded as evidencing the receipt of the equivalent of money when credited or issued in exchange for checks or drafts or for a promissory note upon which the person obtaining the credit or instrument is primarily or secondarily liable, or for a charge against a deposit account, or in settlement of checks, drafts, or other instruments forwarded to the bank for collection.

(c) “Deposit” means trust funds received or held by the financial institution, whether held in the trust department or held or deposited in any other department of the financial institution.

(d) “Deposit” means money received or held by a financial institution, or the credit given for money or its equivalent received or held by a financial institution, in the usual course of business for a special or specific purpose, regardless of the legal relationship so established. Under this paragraph, “deposit” includes, but is not limited to, escrow funds, funds held as security for an obligation due to the financial institution or others (including funds held as dealers reserves) or for securities loaned by the bank, funds deposited by a debtor to meet maturing obligations, funds deposited as advance payment on subscriptions to United States government securities, funds held for distribution or purchase of securities, funds held to meet its acceptances or letters of credit, and withheld taxes. It does



not include funds received by the financial institution for immediate application to the reduction of an indebtedness to the receiving financial institution, or under condition that the receipt of the funds immediately reduces or extinguishes the indebtedness.

(e) “Deposit” means outstanding drafts (including advice or authorization to charge a financial institution’s balance in another such institution), cashier’s checks, money orders, or other officer’s checks issued in the usual course of business for any purpose, but not including those issued in payment for services, dividends, or purchases or other costs or expenses of the financial institution itself.

(f) “Deposit” means money or its equivalent held as a credit balance by a financial institution on behalf of its customer if the entity is engaged in soliciting and holding such balances in the regular course of its business.

(g) Interinstitution fund transfers are not deposits.

Subd. 9. [DETERMINATION OF PROPERTY FACTOR; GENERAL RULES.] For all taxpayers, the property factor includes tangible property, real, personal, and mixed, owned or rented, and used by the taxpayer in connection with the trade or business, as set forth in subdivision 10. For financial institutions only, the property factor also includes intangible property, as set forth in subdivision 11. For both tangible and intangible property, the property included in the property factor is the average of the total property used by the taxpayer in connection with its business during the tax period. Such averages must be on a commensurate basis for property within and without the state.

Subd. 10. [PROPERTY FACTOR; TANGIBLE PROPERTY.] (a) Tangible property includes land, buildings, machinery and equipment, inventories, and other tangible personal property actually used by the taxpayer during the taxable year in carrying on the business activities of the taxpayer. Tangible property which is separately allocated under section 290.17 is not includable in the property factor.

(b) Cash on hand or in banks, shares of stock, notes, bonds, accounts receivable, or other evidences of indebtedness, special privileges, franchises, and goodwill, are specifically excluded from the property factor, except as otherwise provided for financial institutions in subdivision 11.

(c) The value of tangible property that is owned by the taxpayer and that is to be used in the apportionment fraction is the original cost adjusted for any later capital additions or improvements and partial disposition by reason of sale, exchange, or abandonment.

(d) For purposes of computing the property factor, United States government property that is used by the taxpayer must be considered owned by the taxpayer.

(e) Property that is rented by the taxpayer is valued at eight times the net annual rental. Net annual rental is the annual rental paid by the taxpayer less any annual rental received by the taxpayer from subrentals. If the subrents taken into account in determining the net annual rental produce a negative or clearly inaccurate value for any item of property, another method that will properly reflect the value of rented property may be required by the commissioner or requested by the taxpayer. In no case, however, shall the value be less than an amount which bears the same ratio to the annual rental paid by the taxpayer for such property as the fair market value of that portion of the property used by the taxpayer bears to the total fair market value of the rented property. Rents paid during the year cannot be averaged.

(f) A person filing a combined report shall use this method of calculating the property factor for all members of the group.

Subd. 11. [FINANCIAL INSTITUTIONS; PROPERTY FACTOR.]

(a) For financial institutions, the property factor includes, as well as tangible property, intangible property as set forth in this subdivision.

(b) Intangible personal property must be included at its tax basis for federal income tax purposes.

(c) Goodwill must not be included in the property factor.

(d) Coin and currency located in this state must be attributed to this state.

(e) Lease financing receivables (from true leases or from financing leases) must be attributed to this state if and to the extent that the property is located within this state.

(f) Assets in the nature of loans that are secured by real or tangible personal property must be attributed to this state if and to the extent that the security property is located within this state.

(g) Assets in the nature of consumer loans and installment obligations that are unsecured or secured by intangible property must be attributed to this state if the loan was made to a resident of this state.

(h) Assets in the nature of commercial loan and installment obligations that are unsecured or secured by intangible property must be attributed to this state if the loan proceeds of the loan are

to be applied in this state. If it cannot be determined where the funds are to be applied, the assets must be attributed to the state in which the business applied for the loan. "Applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.

(i) A participating financial institution's portion of a participation loan shall be attributed under paragraphs (e) to (h).

(j) Financial institution credit card and travel and entertainment credit card receivables must be attributed to the state to which the credit card charges and fees are regularly billed.

Subd. 12. [DETERMINATION OF PAYROLL FACTOR.] (a) The payroll factor must be determined in the same way for all taxpayers.

(b) Wages or salaries must be determined to be paid or incurred in this state if the individual with respect to whom the wages or salaries are paid is either employed within this state or is actually engaged in work in the territorial confines of this state, or if working without this state, is identified with or accountable to an office within this state.

(c) The wages or salaries paid to officers and employees working from offices within this state are considered payroll within this state even though the officers and employees employment requires them to spend working time without this state. Officers and employees whose employment requires them to work without the state entirely and who are assigned to an office without the state, are not considered employees within the state for the purpose of apportionment even though their salaries are paid from the taxpayer's general offices within the state.

Sec. 76. Minnesota Statutes 1986, section 290.20, subdivision 1, is amended to read:

Subdivision 1. The methods prescribed by section 290.19 75 shall be presumed to determine fairly and correctly the taxpayer's taxable net income allocable to this state. Any taxpayer feeling aggrieved by the application of the methods so prescribed may petition the commissioner for determination of such net income by the use of some other method, including separate accounting. Thereupon, the commissioner on finding that the application of the methods prescribed by section 290.19 will be unjust to the taxpayer, may allow the use of the methods so petitioned for by the taxpayer, or may determine such net income by other methods if satisfied that such other methods will fairly reflect such net income. A petition within the meaning of this section shall be deemed to have been filed by the taxpayer if the taxpayer's return uses a method other than the methods prescribed by section 290.19, and if such return shall have

attached thereto a statement setting forth the reasons for the use of such other method. If the methods prescribed by section 75 do not fairly reflect all or any part of taxable net income allocable to this state, the taxpayer may petition for or the commissioner may require the determination of net income by the use of another method, if that method fairly reflects net income. These other methods may include:

- (1) separate accounting;
- (2) excluding any one or more of the factors;
- (3) including one or more additional factors; or
- (4) some other method.

Sec. 77. Minnesota Statutes 1986, section 290.20, is amended by adding a subdivision to read:

Subd. 1a. A petition within the meaning of this section must be filed by the taxpayer in the form required by the commissioner.

Sec. 78. Minnesota Statutes 1986, section 290.21, subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual,

(d) to or for the use of the United States of America for exclusively public purposes; and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income if the contribution or gift consists of real property located in Minnesota,

(e) the total deduction hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the deductions allowable under this section other than those for contributions or gifts,

(f) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by rules prescribe.

Sec. 79. Minnesota Statutes 1986, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) ~~85~~ 80 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining ~~15~~ 20 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of the other corporation and the dividends were paid from income arising out of business done in this state by the corporation paying the dividends. If the dividends were declared from income arising out of business done within and without this state, then a proportion of the remainder shall be allowed as a deduction. The proportion must be that which the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation. The amounts must be determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding their distribution. The burden is on the taxpayer to show that the amount of remainder claimed as a

deduction has been received from income arising out of business done in this state.

(b) If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of the other corporation, from income arising out of business done in this state by the corporation paying the dividends. If the dividends were declared from income arising out of business done within and without this state, then a proportion of the dividends shall be allowed as a deduction. The proportion must be that which the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation. The amounts must be determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding their distribution. The burden is on the taxpayer to show that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law Number 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or

business of the affiliated corporation having a nexus with Minnesota.

(e) Dividends received by a corporation from another corporation which is organized under the laws of a foreign country or a political subdivision of a foreign country, if the dividends are paid from income arising from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. The deduction provided by this clause subdivision does not apply if the corporate stock with respect to which dividends are paid constitutes the stock in trade of the taxpayer, or would be included in the inventory of the taxpayer, or constitutes property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or if the trade or business of the taxpayer consists principally of the holding of stocks and the collection of the income or gains therefrom, or if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985. No dividend may be deducted under this clause if it is deducted under clause (a) 1986.

Sec. 80. Minnesota Statutes 1986, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT.] (a) When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such combined report as, in the commissioner's opinion, is necessary in order to determine the taxable net income of any one of the affiliated or related corporations. For purposes of computing either the arithmetic average or weighted apportionment formulas under section 290.19, subdivision 1 for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, and payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all the corporations shown on the combined report. The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing and from a FSC as defined in section 922 of the Internal Revenue Code of 1954, as amended through December 31, 1985. All intercompany transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is

determined under section 290.35 or to investment companies whose income is determined under section 290.36.

(b) If a corporation has been divested from the unitary group and is included in a combined report for a fractional part of the common accounting period that the report is based on, then the sales, property, and payroll attributed to the corporation in the apportionment formula must be prorated or separately accounted and must show for what part of the accounting period the corporation is included in the report.

(c) The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 3. If a corporation has been divested from the unitary group and is included in the combined report for a fractional part of the common accounting period that the combined report is based on, its income includable in the combined report is its income for that part of the year.

Sec. 81. Minnesota Statutes 1986, section 290.35, is amended to read:

**290.35 [INSURANCE COMPANIES; REPORT OF NET INCOME; COMPUTATION OF AMOUNT OF INCOME ALLOCABLE TO STATE.]**

**Subdivision 1. [COMPUTATION OF TAXABLE NET INCOME.]** The taxable net income of insurance companies taxable under this chapter shall be computed as follows:

Each such company shall report to the commissioner the net income returned by it for the taxable year to the United States under the provisions of the act of congress, known as the revenue act of 1936, or that it would be required to return as net income thereunder if it were in effect. Notwithstanding the provisions of the Revenue Act of 1936, whether or not an insurance company is exempt from taxation must be determined under section 290.05.

**Subd. 2. [APPORTIONMENT OF TAXABLE NET INCOME.]** The commissioner shall compute therefrom the taxable net income of such companies by assigning to this state that proportion thereof which the gross premiums collected by them during the taxable year from old and new business within this state bears to the total gross premiums collected by them during that year from their entire old and new business, including reinsurance premiums; provided, the commissioner shall add to the taxable net income so apportioned to this state the amount of any taxes on premiums paid by the company by virtue of any law of this state (other than the surcharge on premiums imposed by sections 69.54 to 69.56) which shall have been deducted from gross income by the company in arriving at its total net income under the provisions of such act of congress.



(a) For purposes of determining the Minnesota apportionment percentage, premiums from reinsurance contracts assumed from companies domiciled in Minnesota and premiums in connection with property in or liability arising out of activity in, or in connection with the lives or health of Minnesota residents shall be assigned to Minnesota and premiums from reinsurance contracts assumed from companies domiciled outside of Minnesota and premiums in connection with property in or liability arising out of activity in, or in connection with the lives or health of non-Minnesota residents shall be assigned outside of Minnesota.

(b) The apportionment method prescribed by paragraph (a) shall be presumed to fairly and correctly determine the taxpayer's taxable net income. If the method prescribed in paragraph (a) does not fairly reflect all or any part of taxable net income, the taxpayer may petition for or the commissioner may require the determination of taxable net income by use of another method if that method fairly reflects taxable net income. A petition within the meaning of this section must be filed by the taxpayer on such form as the commissioner shall require.

Subd. 3. [CREDIT.] An insurance company shall receive a credit against the tax equal to any taxes based on premiums paid by it that are attributable to the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by sections 69.54 to 69.56.

Sec. 82. Minnesota Statutes 1986, section 290.36, is amended to read:

**290.36 [INVESTMENT COMPANIES; REPORT OF NET INCOME; COMPUTATION OF AMOUNT OF INCOME ALLOCABLE TO STATE.]**

The taxable net income of investment companies shall be computed as follows:

Each investment company transacting business as such in this state shall report to the commissioner the net income returned by the company for the taxable year to the United States under the provisions of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, less the credits provided therein and subject to the adjustments required by this chapter. The commissioner shall compute therefrom the taxable net income of the investment company by assigning to this state that proportion of such net income, less such credits which the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of this state, bears to the total amount of the gross payments collected during such year by the company from such

business upon investment contracts issued by the company and held by persons residing within the state and elsewhere.

As used in this section, the term "investment company" means any person, copartnership, association, or corporation, whether local or foreign, coming within the purview of section 54.26, and who or which is registered under the Investment Company Act of 1940 (United States Code, title 15, section 80a-1 and following), as amended through December 31, 1986, and who or which solicits or receives payments to be made to itself and which issues therefor, or has issued therefor and has or shall have outstanding so-called bonds, shares, coupons, certificates of membership, or other evidences of obligation or agreement or pretended agreement to return to the holders or owners thereof money or anything of value at some future date; and as to whom the gross payments received during the taxable year in question upon outstanding investment contracts, plus interest and dividends earned on investment contracts determined by prorating the total dividends and interest for the taxable year in question in the same proportion that certificate reserves as defined by the Investment Company Act of 1940, as amended through December 31, 1986, is to total assets, shall be at least 50 percent of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year in question. The term "investment contract" shall mean any such so-called bonds, shares, coupons, certificates of membership, or other evidences of obligation or agreement or pretended agreement issued by an investment company.

Sec. 83. Minnesota Statutes 1986, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) The commissioner of revenue shall annually determine the gross income levels at which individuals, trusts, and estates shall be required to file a return for each taxable year. An individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's Minnesota gross income computed under section 290.06, subdivision 2c, clause (f)(1) is less than the filing requirements for an individual who is a full year resident of Minnesota with the same marital status and number of personal credits.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return, if the corporation is subject to the state's jurisdiction to tax under section 42, subdivision 5. The return in the case of a corporation shall be signed by a person designated by the corporation. The commissioner may adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report if the affiliated group includes a corporation bank subject to tax under section 290.361. The return in the case of a corporation shall be signed by a person designated by the corporation this chapter. Members of an affiliated group that elect to file one return on behalf of the members of the group under rules adopted by the commissioner may modify or rescind the election by filing the form required by the commissioner.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if a return is required.

(b) Such return shall (1) contain a written declaration that it is correct and complete, and (2) shall contain language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

(c) For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1985, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1), (6), (7), and (8), 290.08, and 290.17.

Sec. 84. [290.371] [NOTICE OF BUSINESS ACTIVITIES REPORT.]

Subdivision 1. [REPORT REQUIRED.] Every corporation that, during any calendar year or fiscal accounting year ending after December 31, 1986, carried on any activity or owned or maintained any property in this state, unless specifically exempted under subdivision 3, shall be required to file a notice of business activities report, as provided in this section. Filing of the report shall not be a factor in determining whether a corporation is subject to taxation under this chapter.

Subd. 2. [ACTIVITIES.] Activities or property maintenance in this state which require corporations to file this report are:

(1) the maintenance in this state of an office or other place of business;

(2) the maintenance of personnel in Minnesota, including the presence of employees, agents, representatives, or independent contractors in connection with the corporation's business, even though not regularly stationed in Minnesota;

(3) the ownership or maintenance of real property, tangible personal property, or intangible property used by the corporation in Minnesota;

(4) receiving payments from persons residing in Minnesota, or businesses located in Minnesota, aggregating in excess of \$25,000 regardless of any connections with this state;

(5) the derivation of income from any source or sources within Minnesota; and

(6) any other activity or property in, or interrelationships with, Minnesota as designated by the commissioner.

Subd. 3. [EXEMPTIONS.] A corporation shall not be required to file a notice of business activities report if:

(1) by the end of an accounting period for which it was otherwise required to file a notice of business activities report under this section, it had received a certificate of authority to do business in this state;

(2) a timely return or report has been filed under section 290.05, subdivision 4; or 290.37; or

(3) the corporation is exempt from taxation under this chapter pursuant to section 290.05, subdivision 1.

Subd. 4. [ANNUAL FILING.] Every corporation not exempt under subdivision 3 shall file annually a notice of business activities report, including such forms as the commissioner may require, with respect to all or any part of each of its calendar or fiscal accounting years beginning after December 31, 1986, on or before the 15th day of the fourth month after the close of such calendar or fiscal accounting year.

Subd. 5. [FAILURE TO FILE TIMELY REPORT.] (a) Any corporation required to file a notice of business activities report shall not maintain any action or proceeding in any state or federal court in Minnesota unless the corporation has filed a notice of business activities report.

(b) The failure of a corporation to file a timely report prevents the use of the courts in this state for all contracts executed and all causes of action that arose at any time before the end of the last

accounting period for which the corporation failed to file a required report.

(c) The court in which the issues arise has the power to excuse the corporation for its failure to file a report when due, and restore the right of access to the courts in this state, if the corporation has paid all taxes, interest, and civil penalties due the state for all periods, or provided for payment of them by adequate security or bond approved by the commissioner.

Sec. 85. Minnesota Statutes 1986, section 290.41, subdivision 2, is amended to read:

Subd. 2. [BY PERSONS, CORPORATIONS, COOPERATIVES, GOVERNMENTAL ENTITIES OR SCHOOL DISTRICTS.] To the extent required by section 6041 of the Internal Revenue Code of 1986, as amended through December 31, 1986, every person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and every city, county and school district in Minnesota, making payments in the regular course of a trade or business during the taxable year to any person or corporation of \$600 or more on account of rents or royalties, or of \$10 or more on account of interest, or \$10 or more on account of dividends or patronage dividends, or \$600 or more on account of either wages, salaries, commissions, fees, prizes, awards, pensions, annuities, or any other fixed or determinable gains, profits or income, not otherwise reportable under section 290.92, subdivision 7, or on account of earnings of \$10 or more distributed to its members by savings, building and loan associations or credit unions chartered under the laws of this state or the United States, (a) shall make a return (except in cases where a valid agreement to participate in the combined federal and state information reporting system has been entered into, and such return is therefore filed only with the commissioner of internal revenue pursuant to the applicable filing and informational reporting requirements of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986) in respect to such payments in excess of the amounts specified, giving the names and addresses of the persons to whom such payments were made, the amounts paid to each, and (b) shall make a return in respect to the total number of such payments and total amount of such payments, for each category of income specified, which were in excess of the amounts specified. This subdivision shall not apply to the payment of interest or dividends to a person who was a nonresident of Minnesota for the entire year.

A person, corporation, or cooperative required to file returns under this subdivision on interest, dividends, or patronage dividend payments with respect to more than 50 payees for any calendar year must file all of these returns on magnetic media unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.

Sec. 86. Minnesota Statutes 1986, section 290.41, subdivision 3, is amended to read:

Subd. 3. [BY BROKERS.] The commissioner of revenue may require every person doing business as a broker to furnish the commissioner with the name and address of each customer for whom they have transacted business, and with such details regarding gross proceeds and other information as to transactions of any customer as will enable the commissioner to determine whether all income tax due on profits or gains of such customers has been paid. The provisions of section 6045 of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1986, which define terms and provide the requirements that a statement be furnished to the customer shall apply.

Sec. 87. Minnesota Statutes 1986, section 290.42, is amended to read:

290.42 [FILING RETURNS, DATE.]

The returns required to be made under sections 290.37 to 290.39 and 290.41, other than those under section 290.41, subdivisions 3 and 4, which shall be made within 30 days after demand therefor by the commissioner, shall be filed at the following times:

(1) Returns made on the basis of the calendar year shall be filed on the fifteenth day of April, following the close of the calendar year, except that returns of corporations shall be filed on the fifteenth day of March following the close of the calendar year;

(2) Returns made on the basis of the fiscal year shall be filed on the fifteenth day of the fourth month following the close of such fiscal year, except that returns of corporations shall be filed on the fifteenth day of the third month following the close of the fiscal year;

(3) Returns made for a fractional part of a year as an incident to a change from one taxable year to another shall be filed on the fifteenth day of the fourth month following the close of the period for which made, except that such returns of corporations shall be filed on the fifteenth day of the third month following the close of the period for which made;

(4) Other returns for a fractional part of a year shall be filed on the fifteenth day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that such returns of corporations shall be filed on the fifteenth day of the third month following the end of the month in which falls the last day of the period for which the return is made:

In the case of a final return of a decedent for a fractional part of a year, such return shall be filed on the fifteenth day of the fourth month following the close of the 12-month period which began with the first day of such fractional part of a year.

(4a) In the case of the return of a cooperative association such returns shall be filed on or before the fifteenth day of the ninth month following the close of the taxable year.

(4b) If a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.34, subdivision 2, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year.

(5) If the due date for any return required under this chapter falls upon:

A Saturday, Sunday, or a legal holiday such return filed by the next succeeding day which is not a Saturday, Sunday, or legal holiday shall be considered to be timely filed. The term "legal holiday" means any day made a holiday in Minnesota by section 645.44, subdivision 5 or by the laws of the United States.

(6) In case of sickness, absence, or other disability, or when, in the commissioner's judgment, good cause exists, the commissioner may extend the time for filing these returns for not more than six months, except as provided for corporations and except that where the failure is due to absence outside the United States the commissioner may extend the period as provided in section 6081 of the Internal Revenue Code of 1954, as amended through December 31, 1985. The commissioner may require each taxpayer in any of such cases to file a tentative return at the time fixed for filing the regularly required return from the taxpayer, and to pay a tax on the basis of such tentative return at the times required for the payment of taxes on the basis of the regularly required return from such taxpayer. The commissioner may grant an extension of up to seven months for filing the return of a corporation subject to tax under this chapter if the corporation files a tentative return at the time fixed for filing the regularly required return and pays the tax on the basis of the tentative return in accordance with this section and section 290.45.

(7) Every person making a return under section 290.41 (except subdivisions 3 and 4) shall furnish to each person whose name is set forth in the return a written statement showing

(A) the name and address of the person making the return, and

(B) the aggregate amount of payments to the person shown on the return.

This written statement shall be furnished to the person on or before January 31 of the year following the calendar year for which the return was made. A duplicate of this written statement shall be furnished to the commissioner on or before February 28 of the year following the calendar year for which the return was made.

Sec. 88. Minnesota Statutes 1986, section 290.50, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE, TIME LIMIT.] (a) A taxpayer who has paid or from whom there has been collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner a claim for a refund of such excess. Except as otherwise provided in this section, no claim or refund shall be allowed or made after 3½ years from the date prescribed for filing the return (plus any extension of time granted for filing the return, but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the taxpayer. For this purpose an income tax return or amended return claiming an overpayment shall constitute a claim for refund.

(b) If no claim was filed, the credit or refund shall not exceed the amount which would be allowable if a claim was filed on the date the credit or refund is allowed.

(c) If a claim relates to an overpayment on account of a failure to deduct a loss due to a bad debt or to a security becoming worthless, the claim shall be allowed if filed within seven years from the date prescribed in section 290.42 for the filing of the return, and the refund or credit shall be limited to the amount of overpayment attributable to the loss.

(d) For purposes of this section, the prepayment of tax made through the withholding of tax at the source, or payment of estimated tax, prior to the due date of the tax are considered as having been paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the due date shall be considered as filed on the due date.

(e) Except as provided in sections 273.1314, subdivision 10a, 290.92, subdivision 13, 290.93, subdivision 9, and 290.936, interest on the overpayment refunded or credited to the taxpayer shall be allowed at the rate specified in section 270.76 computed from the date of payment of the tax until the date the refund is paid or credit is made to the taxpayer. However, to the extent that the basis for the refund is a net operating loss carryback or a capital loss carryback,



interest shall be computed only from the end of the taxable year in which the loss occurs.

(f) If a taxpayer reports a change in federal gross income, items of tax preference, deductions, credits, or a renegotiation, or files a copy of the taxpayer's amended federal return, within 90 days as provided by section 290.56, subdivision 2, a refund may be made of any overpayment within one year after such report or amended return is filed except as provided in subdivision 2.

(g) There is hereby appropriated from the general fund to the commissioner of revenue the amounts necessary to make payments of refunds allowed pursuant to this section.

Sec. 89. Minnesota Statutes 1986, section 290.934, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF UNDERPAYMENT.] For purposes of subdivision 1, the amount of the underpayment shall be the excess of

(1) the amount of the installment tax shown on the return for the tax year or, if no return is filed, the tax for the tax year, over

(2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

Sec. 90. Minnesota Statutes 1986, section 290.9725, is amended to read:

290.9725 [ELECTION BY SMALL BUSINESS CORPORATION.]

Any corporation having a valid election in effect under section 1362 of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1985~~ 1986, shall not be subject to the taxes imposed by this chapter, except the tax imposed under section 290.92.

(1) the corporation shall be subject to the tax imposed under section 290.92; and

(2) the corporation shall be subject to the tax imposed under section 290.02 in any tax period in which it recognizes income for federal income tax purposes under Internal Revenue Code, Section 1363(d), 1374, or 1375; the total amount of income recognized is the federal taxable income for the corporation within the meaning of section 290.01, subdivision 19; the provisions of sections 290.01, subdivisions 19a to 19f, and 290.17 to 290.20, shall be employed to determine the taxable net income of the corporation; and the taxable net income of the corporation shall be its taxable income, except that

any net operating loss carryforward that arose in a year when there was no election in effect under Section 1362 of the Internal Revenue Code shall be allowed as a deduction.

Sec. 91. [290.9741] [ELECTION BY REMIC.]

A corporation having a valid election as a Real Estate Mortgage Investment Conduit (REMIC) in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, shall not be subject to the taxes imposed by this chapter except the tax imposed under section 290.92.

Sec. 92. [290.9742] [REMIC INCOME TAXABLE TO HOLDERS OF INTERESTS.]

The income of a REMIC shall be taxable to the holders of interests in the REMIC as provided in sections 860A to 860G of the Internal Revenue Code of 1986, as amended through December 31, 1986. The income of the holders shall be computed under the provisions of this chapter.

Sec. 93. Minnesota Statutes 1986, section 299F.21, subdivision 1, is amended to read:

Subdivision 1. [ESTIMATED INSTALLMENT PAYMENTS.] On or before April 15, June 15, and December 15 of each year, every licensed insurance company, including reciprocals, or interinsurance exchanges or Lloyds, doing business in the state, excepting farmers' mutual fire insurance companies and township mutual fire insurance companies, shall pay to the commissioner of revenue installments equal to one-third of, a tax upon its fire premiums or assessments or both, as follows:

A based on a sum equal to one-half of one percent of the estimated gross fire premiums and assessments, less return premiums and dividends, on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the calendar year, including premiums on policies covering fire risks only on automobiles, whether written under floater form or otherwise. In the case of a mutual company or reciprocal exchange the dividends or savings paid or credited to members in this state shall be construed to be return premiums. The money so received into the state treasury shall be credited to the general fund.

If the tax prescribed by this section is not paid by those dates, penalties and interest as provided in section 290.53, subdivision 1, shall be imposed. A company that fails to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year is subject to the penalty and interest provided in this chapter.

Sec. 94. Minnesota Statutes 1986, section 299F.21, is amended by adding a subdivision to read:

Subd. 1a. [ADDITION TO THE TAX.] In case of an underpayment of installments by an insurer, there shall be added to the tax for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of underpayment.

Sec. 95. Minnesota Statutes 1986, section 299F.21, is amended by adding a subdivision to read:

Subd. 1b. [AMOUNT OF UNDERPAYMENT.] For purposes of subdivision 1a, the amount of the underpayment is the excess of: (1) the amount of the installment; over (2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

Sec. 96. Minnesota Statutes 1986, section 299F.21, is amended by adding a subdivision to read:

Subd. 1c. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earliest of the following dates:

(1) on March 1 following the close of the taxable year;

(2) with respect to any portion of the underpayment, the date on which that portion is paid. For purposes of this clause, a payment of estimated tax on any installment date is considered a payment of any previous underpayment only to the extent the payment exceeds the amount of the installment determined under clause (1), for the installment date.

Sec. 97. Minnesota Statutes 1986, section 299F.21, is amended by adding a subdivision to read:

Subd. 1d. [DEFINITION OF TAX.] The term "tax" means the tax imposed by chapter 299F.

Sec. 98. Minnesota Statutes 1986, section 299F.21, is amended by adding a subdivision to read:

Subd. 1e. [FAILURE TO FILE AN ESTIMATE.] In the case of an insurer which fails to file an estimated tax statement for a taxable year when one is required, the period of the underpayment shall run from the installment dates as set forth in subdivision 1 to whichever of the periods set forth in subdivision 1c is the earlier.

Sec. 99. Minnesota Statutes 1986, section 299F.21, subdivision 2, is amended to read:

Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a ~~premium~~ tax under this section shall make and file a statement of estimated ~~premium~~ taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties and interest as provided in section 290.53, subdivision 1, shall be imposed.

#### Sec. 100. [ESTIMATED TAXES, EXCEPTION.]

(a) For taxable years beginning after December 31, 1986, but before January 1, 1988, the commissioner of revenue shall not assess any penalties, interest, or additions to tax that are the result of the taxpayer's failure to make sufficient estimated tax payments due to the alternative minimum tax imposed by section 64. This exception shall apply only to the extent that the corporation's liability for the alternative minimum tax increases the corporation's liability under the franchise tax imposed by section 290.02.

(b) No addition to tax, penalties or interest shall be made under Minnesota Statutes, section 290.53 or 290.934 for any period before March 15, 1988, with respect to an underpayment of estimated tax, to the extent the underpayment was created or increased by the enactment of changes in the definition of taxable income enacted as part of the Tax Reform Act of 1986, Public Law Number 99-514, and adopted by reference to federal law.

#### Sec. 101. [COMPUTATION OF 1987 GROSS PREMIUMS TAX.]

For calendar year 1987 the gross premiums tax under Minnesota Statutes, section 60A.15 as applied to fraternal benefit societies and the workers' compensation reinsurance association, and the premiums of domestic mutual insurance companies that were exempt prior to enactment of this act shall equal one-half of the amount of tax that would be due if the tax were imposed for the full calendar year. Estimated tax equal to, at least, 80 percent of the tax computed under this section must be paid by December 15, 1987, or the penalties and interest for failure to pay or underpayments of estimated tax under Minnesota Statutes, section 60A.15, apply.

## Sec. 102. [REPEALER.]

(a) Minnesota Statutes 1986, sections 290.01, subdivision 20d; 290.068, subdivision 6; 290.069, subdivisions 1, 2, 3, 5, 6, and 7; 290.07, subdivision 5; 290.071; 290.073; 290.075; 290.09; 290.095, subdivisions 8 and 10; 290.13; 290.15; 290.16; 290.165; 290.175; 290.18; 290.19; 290.21, subdivisions 5, 6, and 8; 290.26, subdivision 2; and 290.361, are repealed.

(b) Minnesota Statutes 1986, sections 60A.15, subdivision 2; 61A.49; 62E.13, subdivision 9; 64B.24; and 69.021, subdivision 3a, are repealed.

## Sec. 103. [EFFECTIVE DATE.]

Sections 33 to 63, 73 to 79, 81 to 86, and 88 to 102, paragraph (a), are effective for taxable years beginning after December 31, 1986. Sections 64 to 72 are effective when the corresponding provisions of the Internal Revenue Code of 1986 are effective. Section 80, paragraph (b) and the provisions in paragraph (c) relating to divestment of a corporation from a unitary group and section 87 are effective for taxable years beginning after December 31, 1985. The balance of section 80 is effective for taxable years beginning after December 31, 1986. Sections 1 to 32, 101, and 102, paragraph (b), are effective the day following final enactment.

## ARTICLE 3

## PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1986, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) the greater of federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1985 or zero; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in section 290.01, subdivision 20a, clauses (1), (2), (3), and (4);

(ii) all nontaxable income;

(iii) recognized net long-term capital gains (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (1) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

~~(iv)~~ (iv) cash public assistance and relief;

~~(v)~~ (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

~~(vi)~~ (vi) nontaxable interest received from the state or federal or a state government or any instrumentality or political subdivision thereof;

~~(vii)~~ (vii) workers' compensation;

~~(ix)~~ (viii) unemployment benefits;

~~(x)~~ nontaxable strike benefits;

~~(xi)~~ (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

~~(xii)~~ (x) the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954; and

~~(xiii)~~ (xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code of 1954; or deferred compensation plan under section 457 of the Internal Revenue Code of 1954.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year

ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter;

(e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) the first \$2,000 of household income if the claimant was disabled on or before June 1 or attained the age of 65 prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid.

Sec. 2. Minnesota Statutes 1986, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by this chapter and who was ~~deported~~ demitted in a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these

programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter. For purposes of this paragraph and paragraph (d), household income or income as defined in subdivision 3 must not be reduced by the \$2,000 reduction provided in subdivision 3, paragraph (2), clause (f), for claimants who are disabled or age 65 or more.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Sec. 3. Minnesota Statutes 1986, section 290A.03, is amended by adding a subdivision to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986.



Sec. 4. Minnesota Statutes 1986, section 290A.04, subdivision 2, is amended to read:

Subd. 2. A claimant whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable or rent constituting property taxes. The state refund will be equal to the amount of property taxes payable or rent constituting property taxes that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
Net loss and up to \$2,999	1.0 percent	5 percent	\$1,125
0			
3,000 to 3,499	1.0 percent	6 6 percent	\$1,125 \$1,000
3,500 to 3,999	1.0 percent	7 8 percent	\$1,125 \$1,000
4,000 to 4,499	1.0 percent	8 9 percent	\$1,125 \$1,000
4,500 to 4,999	1.0 percent	9 10 percent	\$1,125 \$1,000
5,000 to 5,999	1.0 percent	10 11 percent	\$1,125 \$1,000
6,000 to 6,999	1.0 percent	11 12 percent	\$1,125 \$1,000
7,000 to 7,999	1.0 percent	12 13 percent	\$1,125 \$1,000
8,000 to 8,999	1.1 percent	13 15 percent	\$1,125 \$1,000
9,000 to 9,999	1.2 percent	14 16 percent	\$1,125 \$1,000
10,000 to 10,999	1.3 percent	15 19 percent	\$1,125 \$ 850
11,000 to 11,999	1.4 percent	16 20 percent	\$1,125 \$ 850
12,000 to 12,999	1.5 percent	17 21 percent	\$1,125 \$ 850
13,000 to 13,999	1.5 percent	18 23 percent	\$1,125 \$ 850
14,000 to 14,999	1.5 percent	19 24 percent	\$1,125 \$ 850
15,000 to 15,999	1.5 percent	20 25 percent	\$1,125 \$ 850
16,000 to 16,999	1.5 percent	21 26 percent	\$1,125 \$ 850
17,000 to 17,999	1.5 percent	22 28 percent	\$1,125 \$ 800
18,000 to 18,999	1.5 percent	23 29 percent	\$1,125 \$ 700
19,000 to 19,999	1.5 percent	24 30 percent	\$1,125 \$ 600
20,000 to 20,999	1.6 percent	25 33 percent	\$1,125 \$ 500
21,000 to 21,999	1.6 percent	27 41 percent	\$1,125 \$ 400
22,000 to 22,999	1.6 percent	29 44 percent	\$1,125 \$ 300
23,000 to 23,999	1.8 percent	31 47 percent	\$1,125 \$ 200
24,000 to 24,999	1.8 percent	33 50 percent	\$1,105 \$ 100
25,000 to 25,999	1.8 percent	35 percent	\$1,080
26,000 to 26,999	2.0 percent	38 percent	\$1,050
27,000 to 27,999	2.0 percent	41 percent	\$1,020
28,000 to 28,999	2.0 percent	44 percent	\$ 990
29,000 to 29,999	2.0 percent	47 percent	\$ 960
30,000 to 30,999	2.0 percent	50 percent	\$ 930
31,000 to 31,999	2.2 percent	50 percent	\$ 900
32,000 to 32,999	2.2 percent	50 percent	\$ 800
33,000 to 33,999	2.2 percent	50 percent	\$ 700
34,000 to 34,999	2.2 percent	50 percent	\$ 600
35,000 to 35,999	2.2 percent	50 percent	\$ 500
36,000 to 36,999	2.4 percent	50 percent	\$ 400
37,000 to 37,999	2.4 percent	50 percent	\$ 300
38,000 to 38,999	2.4 percent	50 percent	\$ 200
39,000 to 39,999	2.4 percent	50 percent	\$ 100
40,000 and over	2.4 percent	50 percent	-0-

The payment made to a claimant shall be the amount of the state refund calculated pursuant to this subdivision, less the homestead credit given pursuant to section 273.13, subdivisions 22 and 23. No payment is allowed if the claimant's household income is \$40,000 \$25,000 or more.

Sec. 5. Minnesota Statutes 1986, section 290A.06, is amended to read:

290A.06 [FILING TIME LIMIT, LATE FILING; INCOME TAX RETURN.]

Any claim for a refund based on property taxes payable shall be filed with the department of revenue on or before August 15 of the year in which the property taxes are due and payable. A copy of the claimant's state income tax return for the taxable year preceding the year in which the property taxes are payable must be filed with the claim if the claimant filed an income tax return for that year.

Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August 15 of the year following the year in which the rent was paid. A copy of the claimant's state income tax return for the taxable year in which the rent was paid must be filed with the claim if the claimant filed an income tax return for that year.

The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in the commissioner's judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be canceled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in the commissioner's judgment other good cause exists. In any event no claim shall be allowed if the initial claim is filed one year after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.50, and 290.56 and for purposes of computing the time limit as provided in these sections the due date of the property tax refund return shall be the same as the due date contained in section 290.42 for an income tax return covering the year in which the rent was paid or the year preceding the year in which the property taxes are payable.

Sec. 6. Minnesota Statutes 1986, section 290A.18, is amended to read:

**290A.18 [RIGHT TO FILE CLAIM; RIGHT TO RECEIVE CREDIT.]**

**Subdivision 1. [CLAIM BY SURVIVING SPOUSE OR DEPENDENT.]** If a person entitled to relief under this chapter dies prior to receiving relief, the surviving spouse or dependent of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

**Subd. 2. [CLAIMANT CANNOT BE LOCATED.]** If the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

Sec. 7. Minnesota Statutes 1986, section 290A.19, is amended to read:

**290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]**

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid.

(b) Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of ~~\$20~~ \$100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.

~~(b)~~ (c) If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:

(i) The net tax shall be reduced by 1/12 for each month remaining in the calendar year.

(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."

(e) (d) The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.

(d) (e) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

(f) The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before February 1 of the year following the year in which the rent was paid. The commissioner may require that each owner or managing agent report on a single form the total property taxes for a property and the allocation of the property taxes as rent constituting property taxes among the renters of the property.

#### Sec. 8. [290A.24] [FINANCIAL REPORTING.]

For financial reporting and accounting purposes and for purposes of the state budget, the refunds paid under this chapter must be recognized and accounted for as an adjustment in the total amount of withholding tax paid under section 290.92, and declarations of estimated tax under section 290.93.

#### Sec. 9. [AUDIT; REPORT TO LEGISLATURE.]

The department of revenue shall, during fiscal years 1988 and 1989, verify and audit a sample of property tax refund claims for accuracy. The sampling methods, size of the sample, and the study methodology must permit reliable conclusions to be drawn regarding compliance with the property tax refund law by both renters and landlords regarding the reporting of household income, property taxes paid, and rent constituting property taxes by claimants and landlords. The department shall report the results of the study to the legislature by February 1, 1989.

## Sec. 10. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of revenue for fiscal years 1988 and 1989. The appropriated money must be used to promote increased participation in the property tax refund program for renters through advertising, distributing information, or other methods directed toward individuals or groups who are likely to qualify for refunds.

## Sec. 11. [LIMITATIONS ON PROPERTY TAX REFUNDS.]

(a) For claims filed based on rent paid in 1986 and property taxes payable in 1987, the commissioner shall pay 55 percent of the payments allowable under section 290A.04, subdivisions 1 and 2. The commissioner shall include with each reduced refund a statement that the reduction is required by this section.

(b) Minnesota Statutes 1986, section 290A.23 does not apply to claims based on property taxes payable in 1988 and rent paid in 1987 under section 290A.04, subdivisions 1 and 2. \$125,000,000 is appropriated to the commissioner of revenue for fiscal year 1989 to pay the claims. The commissioner shall estimate the amount of payments allowable under section 290A.04, subdivisions 1 and 2, by August 25, 1988. If the estimate exceeds the \$125,000,000 limitation, the commissioner shall proportionally reduce the refunds paid so that the refunds paid equal \$125,000,000. All refunds for claims based on property taxes payable in 1988 and rent paid in 1987 must be reduced by the same percentage. If reduced, the commissioner shall include with each refund a statement that the reduction is required by this section.

## Sec. 12. [REPEALER.]

Minnesota Statutes 1986, section 290A.04, subdivisions 2e and 2g, are repealed.

## Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 5 and 7 are effective beginning for claims based on property taxes payable in 1988 and rent paid during calendar year 1987, except that imposition of a penalty for failure to file certificates of rent with the commissioner is effective for claims based on rent paid during calendar year 1988. Section 6 is effective the day following final enactment and applies to all unclaimed warrants held by the commissioner on January 1, 1987, or issued after that date.

## ARTICLE 4

## PROPERTY TAX ADMINISTRATION

## Section 1. [3.861] [TAX STUDY COMMISSION.]

Subdivision 1. [CREATION.] A legislative tax study commission is created.

Subd. 2. [DUTIES.] The commission shall:

(1) examine the burden of income maintenance and social services on the property tax levies of the counties, and of each county individually, and determine the impact of total or increased state funding of income maintenance and social services on those levies;

(2) examine and recommend to the legislature alternative methods of income adjusted property tax relief for homeowners and renters;

(3) examine and recommend to the legislature alternative property tax classification systems that reduce the number of property classifications, and determine the effects of the consolidation by type and use of property;

(4) examine the tax structures and revenue needs and revenue resources of state and local governments;

(5) study and make recommendations about long-range tax policy;

(6) analyze proposed tax legislation, with particular reference to revenue and distribution impact, local government financing, and adherence to sound tax policies, and report its findings to the legislature;

(7) examine the property tax burdens on agricultural, commercial, industrial, and employment property by county, and by type, use, and market value; and

(8) file a report at least biennially with the legislature.

Subd. 3. [MEMBERSHIP.] The commission consists of seven members of the senate, including the chair of the committee on taxes and tax laws, to be appointed by the subcommittee on committees of the committee on rules and administration, and seven members of the house of representatives, including the chair of the committee on taxes, to be appointed by the speaker.

Appointees are members of the commission only while they are members of the bodies from which they were appointed. The first members serve for a term expiring on January 15 of the next biennial session of the legislature and until their successors are appointed. Later members must be appointed at the start of each biennial session of the legislature for a two-year term beginning on January 16 of that year. Vacancies must be filled in the same manner as the original appointment.

Subd. 4. [MEETINGS; OFFICERS.] The commission shall hold meetings at the times and places it designates. The commission's first chair shall be the chair of the house tax committee. Every two years, the chair of the house tax committee and the chair of the senate committee on taxes and tax laws shall alternate the office of commission chair. The commission shall select a vice-chair and other officers from its membership.

Subd. 5. [STAFF; OFFICE; EQUIPMENT.] (a) The commission may employ and set the compensation of the professional, clerical, and technical assistants necessary to perform its duties.

(b) The commissioner of administration shall provide the commission space to maintain an office in the capitol complex.

(c) The commission may purchase furniture, equipment, and supplies, and may enter into contracts for the furnishing of services, equipment, and supplies necessary to discharge its duties.

Subd. 6. [ASSISTANCE OF OTHER AGENCIES.] (a) The commission may request information from any state officer or agency to assist in carrying out this section. The officer or agency shall promptly provide the data requested to the extent permitted by law.

(b) The commissioner of revenue shall prepare, maintain, and make available to the commission data that compares (1) household incomes with rents and property tax burdens; and (2) household incomes with home market values and property tax burdens. The data must be furnished and made available in the form and manner that the commission determines will facilitate its use to discharge the duty imposed in subdivision 2, clause (2). The data must not disclose the name, address, social security number, or any other item of information that the commissioner believes may identify an individual. The data must be furnished to the commission by September 15, 1987, and subsequently maintained by the commissioner so that the most complete and current data available is furnished to the commission.

Subd. 7. [EXPENSES AND REIMBURSEMENT OF MEMBERS AND STAFF.] The members of the commission may receive per diem when attending meetings and other commission business. Members and employees must be reimbursed for expenses actually and necessarily incurred in the performance of their duties. Reimbursement must be under the rules governing legislators and legislative employees.

Subd. 8. [COMMISSION EXPENSES AND REPORTS.] Expenses of the commission must be approved by the chair or other member as the rules of the commission may provide. The expenses must then be paid in the same way as other state expenses are paid. A general summary or statement of expenses incurred by the commission and

paid must be made to the legislature by November 15 of each even-numbered year.

Sec. 2. Minnesota Statutes 1986, section 88.49, is amended by adding a subdivision to read:

Subd. 9a. [LAND TRADES WITH GOVERNMENTAL UNITS.] Notwithstanding subdivisions 6 and 9, or section 88.491, subdivision 2, if an owner trades land under auxiliary forest contract for land owned by a governmental unit and the owner agrees to use the land received in trade from the governmental unit for the production of forest products, upon resolution of the county board, no taxes and assessments shall be levied against the land traded, except that any current or delinquent annual taxes or yield taxes due on that land while it was under the auxiliary forest provision must be paid prior to the land exchange. The land received from the governmental unit in the land trade automatically qualifies for inclusion in the tree growth tax law.

Sec. 3. Minnesota Statutes 1986, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED ASSESSED VALUE.] (a) [COMPUTATION.] ~~The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, the commissioner of agriculture, and the commissioner of revenue, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures referenced in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized assessed value for the various strata of taxable property in each school district, which value shall be designated as the adjusted assessed value. The department of revenue shall take such steps as are necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of revenue is authorized to reimburse any county or governmental official for requested services performed in ascertaining such adjusted valuation. On or before March 15, annually, the department of revenue shall submit file its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such each district is located.~~



(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for proper execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. By January 15, 1985, the commissioner shall report to the chairs of the house tax committee and the senate committee on taxes and tax laws the results of a study which the commissioner shall prepare comparing the 1983 sales ratio study based upon the original 1983 assessment/sales ratio study methodology with the new methodology as provided in clause (b). The 1984 adjusted assessed values which are certified to the commissioner of education shall be computed using the 1983 assessment/sales ratio study methodology unless the 1985 legislature directs otherwise.

(c) [AGRICULTURAL LANDS.] For purposes of determining the adjusted assessed value of agricultural lands for the calculation of ~~1977~~ 1987 adjusted assessed values and thereafter, the market value of agricultural lands shall be the ~~arithmetic average of (1) the price for which the property would sell in an arms length transaction; and (2) the income which could be derived from its free market gross rental rate capitalized at a rate of nine percent.~~

Sec. 4. Minnesota Statutes 1986, section 124.2131, subdivision 2, is amended to read:

Subd. 2. [ADJUSTED ASSESSED VALUE; GROWTH LIMIT.] In the calculation of adjusted assessed valuations for ~~1979~~ 1987 and each year thereafter, the ~~committee~~ commissioner of revenue shall not increase the adjusted assessed valuation of taxable property for any school district over the adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year by more than the greater of (1) 19 percent of the certified adjusted assessed valuation established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted assessed valuation for the current year calculated without the application of this subdivision and the district's certified adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year.

Sec. 5. Minnesota Statutes 1986, section 124.2131, subdivision 3, is amended to read:

Subd. 3. [DECREASE IN IRON ORE ASSESSED VALUE.] If in any year the assessed value of class 9a and 9b iron ore property, as defined in section 273.13, subdivision 30, in any district is less than the assessed value of such property in the immediately preceding year, the equalization aid review committee commissioner of revenue shall redetermine for all purposes the adjusted assessed value of the immediately preceding year taking into account only the decrease in assessed value of class 9a and 9b iron ore property. If subdivision 2, clause (a) is applicable to such a district, the decrease in class 9a and 9b iron ore property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall be applicable.

Sec. 6. Minnesota Statutes 1986, section 124.2131, subdivision 5, is amended to read:

Subd. 5. [ADJUSTED ASSESSED VALUE; APPEALS.] Should any district within ~~60~~ 30 days after receipt of a copy of a report filed with the commissioner of education made pursuant to subdivision 1 or 3, be of the opinion that the equalization aid review committee commissioner of revenue has made an error in the determination of the school district's market value, it may appeal from the report or portion thereof relating to the school district to the commissioner of revenue for a review and determination of the matters contained in the appeal. The commissioner shall advise the school district of the determination within 30 days. If the school district wishes to appeal the determination of the commissioner, it must file a notice of appeal with the tax court, as provided in subdivisions 6 to 11 within ten days of the notice of determination from the commissioner.

Sec. 7. Minnesota Statutes 1986, section 124.2131, subdivision 6, is amended to read:

Subd. 6. [NOTICE OF APPEAL.] The school district shall file with the court administrator of the tax court a notice of appeal from the determination of the equalization aid review committee commissioner of revenue fixing the market value of the school district, and such notice shall show the basis of the alleged error. A copy of such notice of appeal shall be served upon the commissioners commissioner of revenue and education, and proof of service shall be filed with the court administrator.

Sec. 8. Minnesota Statutes 1986, section 124.2131, subdivision 7, is amended to read:

Subd. 7. [HEARING.] Upon receipt of the notice of appeal the tax court shall review the notice of appeal and determine whether it appears from the allegations and proofs therein contained that an error has been made in the determination by the equalization aid review committee commissioner of revenue of the market value of the property in the school district. If the court finds it probable that

such an error has been made, it shall notice the matter for hearing; otherwise, it shall dismiss the appeal and notify the parties thereof. Hearing shall be set and held in the same manner as other hearings of the tax court are set and heard, except that an appeal filed under subdivision 5 shall take precedence over other appeals pending before the court. The attorney general shall represent the ~~commissioners~~ commissioner of revenue and education and equalization aid review committee; The administrative procedure act, sections 14.09 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.70, shall apply to hearings insofar as it is applicable.

Sec. 9. Minnesota Statutes 1986, section 124.2131, subdivision 8, is amended to read:

Subd. 8. [TAX COURT DETERMINATION.] The tax court shall hear, consider and determine such appeal, de novo upon the issues made by the notice of appeal, if a hearing has been granted thereon. At the conclusion of the hearing the court shall (1) file findings of fact, or (2) ~~rerefer~~ refer the issues to the equalization aid review committee commissioner of revenue with instructions and recommendations for a determination and correction of the market value of the appealing school district. The decision of the tax court, if it decides the matter de novo, shall have the same force and effect as a determination by the equalization aid review committee commissioner of revenue in the first instance under this section, and the equalization aid review committee commissioner of revenue shall be notified thereof. If the matter is rereferred to the equalization aid review committee commissioner of revenue, a redetermination by the equalization aid review committee commissioner of revenue in accordance with the recommendations of the tax court shall likewise have the same force and effect as a determination by it in the first instance under this section.

Sec. 10. Minnesota Statutes 1986, section 124.2131, subdivision 11, is amended to read:

Subd. 11. [AIDS PENDING APPEALS.] During the pendency of any appeal from an equalization aid review committee the commissioner of revenue evaluation, state aids to the district so appealing shall be paid on the basis of the evaluation subject to adjustment upon final determination of the appeal.

Sec. 11. Minnesota Statutes 1986, section 124.38, subdivision 8, is amended to read:

Subd. 8. "Adjusted assessed valuation" means, as of any date, the valuation of all taxable property most recently determined by the equalization aid review committee commissioner of revenue in accordance with the provisions of section 124.2131. "Market value" means the value of all taxable property in the district on which its net debt limit is based as provided in section 475.53, subdivision 4.

Sec. 12. Minnesota Statutes 1986, section 124A.02, subdivision 3a, is amended to read:

Subd. 3a. [ADJUSTED ASSESSED VALUATION.] "Adjusted assessed valuation" or "~~EARC valuation~~" means the assessed valuation of the taxable property notwithstanding the provisions of section 275.49 of the school district as adjusted by the ~~equalization aid review committee commissioner of revenue under section 124.2131~~. The adjusted assessed valuation for any given calendar year shall be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

Sec. 13. Minnesota Statutes 1986, section 124A.02, subdivision 8, is amended to read:

Subd. 8. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum ~~EARC adjusted assessed valuation~~ per total pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year.

Sec. 14. Minnesota Statutes 1986, section 124A.08, subdivision 5, is amended to read:

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

Sec. 15. Minnesota Statutes 1986, section 134.33, subdivision 1, is amended to read:

Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. In the first year of participation, the county shall provide an amount of support equivalent to .3 mill times the adjusted assessed valuation of the taxable property of the

county as determined by the equalization aid review committee commissioner of revenue for the second year preceding that calendar year or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less. In the second year of participation and in each year thereafter, the county shall provide an amount of support equivalent to .4 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee commissioner of revenue for the second year preceding that calendar year or the per capita amount established under the provisions of section 134.34, subdivision 1, whichever is less. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 16. Minnesota Statutes 1986, section 134.34, subdivision 1, is amended to read:

Subdivision 1. A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first year of participation as provided in section 134.33, is providing for public library service support the lesser of (a) an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of that city or county, as determined by the equalization aid review committee commissioner of revenue for the second year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1980 as \$3. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted assessed valuation of property as determined by the equalization aid review committee commissioner of revenue for the second year preceding that calendar year increases over that total adjusted assessed valuation for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 17. Minnesota Statutes 1986, section 134.34, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the assessed valuation of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted assessed valuation of the taxable property of that participating city or county as determined by the equalization aid review committee commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted assessed valuation of that taxable property as determined by the equalization aid review committee commissioner of revenue for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1.

Sec. 18. Minnesota Statutes 1986, section 270.12, subdivision 3, is amended to read:

Subd. 3. ~~For taxes levied in 1985 and thereafter~~ When a taxing jurisdiction lies in two or more counties, if the sales ratio studies prepared by the department of revenue show that the average levels of assessment in the several portions of the taxing jurisdictions in the different counties differ by more than five percent, the board may order the apportionment of the levy. When the sales ratio studies prepared by the department of revenue show that the average levels of assessment in the several portions of the taxing jurisdictions in the different counties differ by more than ten percent, the board shall order the apportionment of the levy unless (a) the proportion of total adjusted assessed value in one of the counties is less than ten percent of the total adjusted assessed value in the taxing jurisdiction and the average level of assessment in that portion of the taxing jurisdiction is the level which differs by more than five percent from the assessment level in any one of the other portions of the taxing jurisdiction; (b) significant changes have been made in the level of assessment in the taxing jurisdiction which have not been reflected in the sales ratio study, and those changes alter the assessment levels in the portions of the taxing jurisdiction so that the assessment level now differs by five percent or less; or (c) commercial, industrial, mineral, or public utility property predominates in one county within the taxing jurisdiction and another class of property

predominates in another county within that same taxing jurisdiction. If one or more of these factors are present, the board may order the apportionment of the levy.

Notwithstanding any other provision, the levy for the metropolitan mosquito control district, metropolitan council, metropolitan transit district, and metropolitan transit area must be apportioned without regard to the percentage difference.

If, pursuant to this subdivision, the board apportions the levy, then that levy apportionment among the portions in the different counties shall be made in the same proportion as the adjusted assessed value as determined by the ~~equalization aid review committee~~ commissioner in each portion is to the total adjusted assessed value of the taxing jurisdiction.

For the purposes of this section, the average level of assessment in a taxing jurisdiction or portion thereof shall be the aggregate assessment sales ratio. Assessed values as determined by the ~~equalization aid review committee~~ commissioner shall be the values as determined for the year preceding the year in which the levy to be apportioned is levied.

Actions pursuant to this subdivision shall be commenced subsequent to the annual meeting on August 15 of the state board of equalization, but notice of the action shall be given to the affected jurisdiction and the appropriate county auditors by the following November 15.

Apportionment of a levy pursuant to this subdivision shall be considered as a remedy to be taken after equalization pursuant to subdivision 2, and when equalization within the jurisdiction would disturb equalization within other jurisdictions of which the several portions of the jurisdiction in question are a part.

Sec. 19. Minnesota Statutes 1986, section 272.115, subdivision 2, is amended to read:

Subd. 2. The certificate of value shall require such facts and information as may be determined by the ~~equalization aid review committee~~ commissioner to be reasonably necessary in the administration of the state education aid formulas. The form of the certificate of value shall be prescribed by the department of revenue which shall provide an adequate supply of forms to each county auditor.

Sec. 20. [272.121] [CURRENT TAX ON DIVIDED PARCELS.]

If a deed or other instrument conveys a parcel of land that is less than a whole parcel of land as described in the current tax list, the

county auditor shall not transfer or divide the land in the auditor's official records, and the county recorder shall not file and record the instrument, unless the instrument of conveyance contains a certification by the county treasurer that the taxes due in the current tax year for the whole parcel have been paid. This certification is in addition to the certification for delinquent tax required by section 272.12. No certification of current tax paid is required for any sheriff's or referee's certificate of sale or other instrument if a certification of delinquent tax for the instrument is not required under section 272.12.

Sec. 21. Minnesota Statutes 1986, section 273.1102, is amended to read:

273.1102 [RATE OF TAX, TERMINOLOGY OF LAWS OR CHARTERS.]

The rate of property taxation by any political subdivision or other public corporation for any purpose for which any law or charter now provides a maximum tax rate expressed in mills times the assessed value or times the full and true value of taxable property (except any ~~value adjusted assessed values determined by the state equalization aid review committee~~ by the commissioner under section 124.2131) shall not exceed 33 $\frac{1}{3}$  percent of such maximum tax rate until and unless such law or charter is amended to provide a different maximum tax rate.

Sec. 22. Minnesota Statutes 1986, section 273.1103, is amended to read:

273.1103 [NET DEBT, TERMINOLOGY OF LAWS OR CHARTERS.]

Net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of the assessed value or the full and true value of taxable property (except any adjusted assessed value determined by the state equalization aid review committee commissioner under section 124.2131) shall not exceed 33 $\frac{1}{3}$  percent of such limit until and unless such law or charter is amended to provide a different limit.

Sec. 23. Minnesota Statutes 1986, section 273.1313, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of ~~revenue~~ energy and economic development.



(c) "Employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(1) The property is located within an enterprise zone designated according to section 273.1312.

(2) The property is commercial or industrial property which is not used in a trade or business which either is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through December 31, 1984, or is property of a public utility.

(d) "Market value" of a parcel of employment property means the value of the taxable property as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market value of the property referred to in clause (i) as assessed in each year after the employment property is first placed in service. In each year, any change in the values of the employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.

(e) "Municipality" means any home rule charter or statutory city or county, but a county may not exercise the powers granted in this section with reference to property situated within a city.

(f) Notwithstanding the provisions of paragraphs (c) and (d) "employment property" and "market value" includes in the case of taxable real property located in an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the entire value of the commercial and industrial property, including land, used in a trade or business which is not used in a trade or business which either is described in section 103(b)(0)(ii) of the Internal Revenue Code of 1954, as amended through December 31, 1984, or is the property of a public utility. The provisions of this paragraph shall not apply to employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), that is assessed pursuant to the first clause of the first sentence of section 273.13, subdivision 24, paragraph (b).

Sec. 24. Minnesota Statutes 1986, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10, 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, subdi-

vision 4, paragraph (c), clause (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, 124A.14, subdivision 5a, and 124A.20, subdivision 2, 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 sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.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, 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 commissioner. 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; 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 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 county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 25. Minnesota Statutes 1986, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. [OPERATING DEBT LEVY.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the ~~equalization aid review committee~~ commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.03, subdivision 1 or 3 in that same year.

Sec. 26. Minnesota Statutes 1986, section 275.125, subdivision 15, is amended to read:

Subd. 15. [ADJUSTMENTS.] If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the equalization aid review committee commissioner of revenue under section 124.2131, subdivisions 2 to 11 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to section 124A.03, subdivision 1. If any aid entitlement pursuant to sections 124.225, 124.245, and 124A.02 would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the equalization aid review committee commissioner, the amount of the increase shall be added to the current aid entitlement for the same purposes.

Sec. 27. Minnesota Statutes 1986, section 276.11, is amended to read:

**276.11 [WHEN TREASURER SHALL PAY FUNDS FROM MARCH AND MAY SETTLEMENTS.]**

Subdivision 1. [GENERALLY.] As soon as practical after the March and May settlements the county treasurer shall pay over to the state treasurer or the treasurer of any town, city, school district, or special district, on the warrant of the county auditor, all receipts arising from taxes levied by and belonging to the state, or to such municipal corporation, or other body, and deliver up all orders and other evidences of indebtedness of such municipal corporation or other body, taking triplicate receipts therefor. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its reception to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall preserve the receipt in the clerk's office. Upon written request of the state, a municipal corporation or other public body, the county treasurer shall, to the extent practicable, make partial payments of amounts collected periodically in advance of the next settlement and distribution. Accompanying each payment shall be a statement prepared by the county treasurer designating the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties thereon. The county treasurer shall pay, upon written request of the state, a municipal corporation or other public body except school districts, at least 70 percent of the estimated collection within 30 days after the March and May settlement dates. Within seven business days after the due date, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district and the remaining 50 percent of the estimated collections shall be paid to the treasurer of the school district within the next seven business days. The treasurer shall pay the balance of the amounts collected to the state or

to a municipal corporation or other body within 60 days after the March and May settlement dates, provided, however, that after 45 days interest shall accrue at a rate of eight percent per annum to the credit of and shall be paid to the state, municipal corporation or other body. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid, may be recovered by the state, municipal corporation, or other body, in a civil action.

Subd. 2. [DEFINITION.] For purposes of this section and section 276.111, "estimated collections" includes estimated collections of taxes and special assessments, and penalties and interest due to the taxing district.

Subd. 3. [APPEAL.] The treasurer or other appropriate fiscal officer of a town, city, school district, or special district may appeal to the county board the determination of the amount of estimated collections by the county treasurer under this section or section 276.111. If the county board finds that the amount of estimated collections has been determined by the county treasurer incorrectly, resulting in underpayment to the local taxing districts, it shall order the county treasurer to pay the additional amount necessary to comprise the correct estimated collection amount.

#### Sec. 28. [276.19] [UNCLAIMED OVERPAYMENTS.]

Subdivision 1. [NOTICE OF OVERPAYMENT.] If an overpayment of property tax arises on a parcel for any reason, the responsible county official shall promptly notify the payer by regular mail that the overpayment has occurred. The notice must state the amount of overpayment and identify the parcel on which the overpayment occurred. The notice must also instruct the payer how to claim the overpayment and advise that the overpayment is subject to forfeiture under this section. If the name or address of the payer is not known, the notice of unclaimed overpayment must be mailed to the taxpayer of record in the office of the county auditor.

Subd. 2. [FAILURE TO CLAIM REFUND.] If the person entitled to the refund fails to claim the overpayment within three years after the date of overpayment, the county auditor shall cause notice to be published at least once in an English language newspaper of general circulation in the county. The county board shall designate the newspaper of publication that in the judgment of the board is most likely to be read by the claimants, notwithstanding any law to the contrary. The published notice must be called "Notice of unclaimed property tax refunds." The notice must contain:

(1) the names in alphabetical order and last known addresses, if any, of persons listed in the notice that may be entitled to unclaimed property tax refund;

(2) a statement that information concerning the amount of overpayment and affected property may be obtained from the county auditor at the address given in the notice; and

(3) a statement that if proof of claim is not presented to the county auditor within 90 days from the date of publication of notice, the overpayment will be considered abandoned and all claims to property tax overpayment will be forfeited.

The county auditor is not required to include and publish in the notice any item of less than \$25 overpaid on a parcel.

Subd. 3. [DISTRIBUTION OF REFUNDS.] If the person entitled to the refund fails to claim the overpayment within the time provided in this section, the county auditor shall distribute the refund to the affected taxing districts in proportion to the amount of their respective taxes included in the levy for the tax year overpaid. At the option of the county auditor, the overpayment may be distributed to the affected taxing districts in proportion to the current tax year levy.

Subd. 4. [APPLICABILITY.] Sections 345.31 to 345.60 do not apply to unclaimed property tax refunds, overpayments, and warrants.

Sec. 29. Minnesota Statutes 1986, section 277.01, is amended to read:

277.01 [WHEN TAX IS DELINQUENT; PENALTY.]

Subdivision 1. All unpaid personal property taxes where the amount is \$10 \$50 or less shall be deemed delinquent on the later of March 1 next after they become due or 30 days after the postmark date on the envelope containing the property tax statement, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. When the amount of such tax exceeds the sum of \$10 \$50 the first half shall become delinquent if not paid prior to March 1 or 30 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach on such unpaid first half. The second half of a tax in excess of \$10 \$50 shall become delinquent if not paid prior to July 1 and thereupon a penalty of eight percent shall attach on such unpaid second half. This section shall not apply to class 2a property.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section

277.011 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 30. Minnesota Statutes 1986, 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.

Sec. 31. Minnesota Statutes 1986, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any

property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; ~~provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed \$100, upon resolution of the county board, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.~~

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 32. Minnesota Statutes 1986, section 282.014, is amended to read:



282.014 [COMPLETION OF SALE AND CONVEYANCE.]

Upon compliance by the purchaser with the provisions of sections 282.011 to 282.015 and with the terms and conditions of the sale, and upon full payment for the land, plus a \$10 \$20 fee in addition to the sale price, the sale shall be complete and a conveyance of the land shall be issued to the purchaser as provided by the appropriate statutes according to the status of the land upon forfeiture.

The conveyance must be forwarded to the county recorder who shall record the conveyance before the auditor issues it to the purchaser.

Sec. 33. Minnesota Statutes 1986, section 282.02, is amended to read:

282.02 [LIST OF LANDS OFFERED FOR SALE.]

Immediately after classification and appraisal of the land, and after approval by the commissioner of natural resources when required pursuant to section 282.01, subdivision 3, the county board shall provide and file with the county auditor a list of parcels of land to be offered for sale. This list shall contain a description of the parcels of land and the appraised value thereof; provided that the description and appraised value may be omitted in the discretion of the county board. The auditor shall publish a notice of the forfeiture and intended public sale of such parcels of land and a copy of the resolution of the county board fixing the terms of the sale, if other than for cash only, by publication once a week for two weeks in the official newspaper of the county, the last publication to be not less than ten 20 days previous to the commencement of the sale.

A notice in substantially the following form shall be sufficient:

"Notice is hereby given that I shall sell to the highest bidder, at my office in the courthouse in the city of ....., in the county of ....., the following described parcels of land forfeited to the state for nonpayment of taxes which have been classified and appraised as provided by law. Such sale will be governed, as to terms, by the resolution of the county board authorizing the same, and commence at ..... o'clock a.m., on the ..... day of ....., 19.....

Description .....	Appraised value			
Subdivision	Sec.	Twp.	Range	\$
or	or			
Lot	Block			

Given under my hand and seal this .... day of ....., 19..

.....  
 County Auditor,  
 ..... County, Minnesota."

The notice shall include the parcel's description and appraised value. The notice shall also indicate the amount of any special assessments which may be the subject of a reassessment or new assessment or which may result in the imposition of a fee or charge pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall also mail notice to the owners of land adjoining the parcel to be sold and to the owners of platted or unplatted land whose boundaries are within 300 feet of the boundaries of a parcel offered for sale having an appraised value of \$1,000 or more. For purposes of this section, "owner" means the taxpayer as listed in the records of the county auditor.

If the county board of St. Louis or Koochiching counties determines that the sale shall take place in a county facility other than the courthouse, the notice shall specify the facility and its location.

Sec. 34. Minnesota Statutes 1986, section 282.33, subdivision 1, is amended to read:

Subdivision 1. Whenever an unrecorded deed from the state of Minnesota conveying tax-forfeited lands shall have been lost or destroyed, an application, in form approved by the attorney general, for a new deed may be made by the grantee or the grantee's successor in interest to the commissioner of revenue. If it appears to the commissioner of revenue that the facts stated in the petition are true, the commissioner shall issue a new deed to the original grantee, in form approved by the attorney general, with like effect as the original deed. The commissioner shall send the new deed to the county recorder, who after recording the deed will forward it to the county auditor. The application shall be accompanied by a fee of \$10 \$20, payable to the commissioner of revenue, which shall be deposited with the state treasurer and credited to the general fund.

Sec. 35. Minnesota Statutes 1986, section 473F.02, subdivision 12, is amended to read:

Subd. 12. "Market value" of real property within a municipality means the "actual market value" of real property within the municipality, determined in the manner and with respect to the property described for school districts in section 475.53, subdivision 4, except that no adjustment shall be made for property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads. For purposes of sections

473F.01 to 473F.13, the equalization aid review committee commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under section 124.2131, subdivision 1, in the same manner and at the same times as are prescribed by the subdivision. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the market value of property within each municipality.

Sec. 36. Minnesota Statutes 1986, section 475.53, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property and of exempt property referred to in section 275.49, situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the market value of all such property. The county auditor of each county containing exempt property referred to in section 275.49, situated within any school district, shall certify to the district upon request the total market value of all such property as determined under section 275.49. The commissioner of revenue shall certify to the district upon request the market value of railroad property within the district as most recently determined under section 270.87. Whenever the state equalization aid review committee commissioner of revenue, in accordance with section 124.2131, subdivision 1, has determined that the assessed valuation of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors and, where applicable, by the commissioner of revenue under section 270.87, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value.

Sec. 37. [REPEALER.]

(a) Minnesota Statutes 1986, section 124.38, subdivision 10, is repealed.

(b) Minnesota Statutes 1986, section 282.021, is repealed.

## Sec. 38. [EFFECTIVE DATE.]

Section 2 is effective August 1, 1987. Sections 1, 3 to 19, 21, 22, 24 to 26, 28, 30, 35, 36, and 37, paragraph (a) are effective the day following final enactment. Sections 20, 23, 29, 31 to 34, and 37, paragraph (b), are effective July 1, 1987. Section 27 is effective for taxes paid after July 31, 1987.

## ARTICLE 5

## MINERALS

Section 1. Minnesota Statutes 1986, section 16A.26, is amended to read:

## 16A.26 [ONE DEPOSITORY ACCOUNT FOR EACH TAX.]

Notwithstanding sections 290.361, 297.13, 298.17, 298.282, 298.39, 298.396, ~~298.51, 298.64, 298.65,~~ 297C.02 to 297C.08 and similar laws to the contrary relating to the depositing, disposition, or apportionment of tax receipts, the commissioner may use one depository account for each tax. To do so, there must be enough information to identify and dispose of or apportion the tax under law. The commissioner shall ask the appropriate officials for the transfers and necessary certifications. The commissioner may issue directives to carry out this section.

Sec. 2. Minnesota Statutes 1986, section 121.904, subdivision 11a, is amended to read:

Subd. 11a. ~~Beginning with payments received in fiscal year 1978, Revenues received pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values or any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, shall be recognized as revenue in the school year received.~~

Sec. 3. Minnesota Statutes 1986, section 121.904, subdivision 11b, is amended to read:

Subd. 11b. (1) Each district affected by the provisions of subdivision 11a shall account for and expend according to the provisions of this subdivision the total amount by which its 1976 payable 1977 and its 1977 payable 1978 permissible levies 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 were reduced on account of payments pursuant to sections ~~294.21 or 294.28;~~ 298.23 to 298.28; 298.32; 298.34 to

298.39; 298.391 to 298.396; 298.405; ~~298.51 to 298.67; or 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.~~ Notwithstanding the provisions of section 124A.035; subdivision 5, clause (2) and the provisions of section 275.125, subdivision 9, clause (2) or any other law to the contrary, this total amount shall not be applied to reduce the foundation aid which the district is entitled to receive pursuant to section 124A.02 or again be applied to reduce the permissible levies of the district.

(2) The lesser of the amount in (1) or an amount equal to \$200 times the pupil units in the district computed pursuant to section 124.17 for the 1977-1978 school year shall be reflected in an "appropriated fund balance reserve account for current use of taconite payments" which shall be established in the general fund. Each school year, beginning in 1978-1979, each affected district shall transfer an amount equal to \$20 times the number of pupil units in the district in 1977-1978 out of this account into other operating accounts in the general fund, until the amount transferred equals the amount originally reflected in the reserve account; provided that in the last year in which the district is required to make this transfer, it shall transfer the balance of the reserve account, not to exceed an amount equal to \$20 times the number of pupil units in the district in 1977-1978. Notwithstanding the provisions of section 121.917, each affected district may use the amount so transferred each year to increase its expenditures above the amount it would otherwise be authorized to expend in that school year.

(3) Of the amount in (1), any amount not reflected in the account established pursuant to clause (2) shall be reflected in the district's appropriated fund balance reserve account for purposes of reducing statutory operating debt, if the district has established this account pursuant to section 275.125, subdivision 9a. The June 30, 1977 statutory operating debt of the district shall be reduced by the amount so reflected and shall be recertified accordingly by the commissioner.

(4) Notwithstanding the provisions of section 121.912, any portion of the amount in (1) remaining after the application of clauses (2) and (3) shall be transferred to the district's capital expenditure fund; provided that before July 1, 1979 not exceeding \$75,000 of the amount transferred to the capital expenditure fund pursuant to this clause may be transferred to the district's general fund.

Sec. 4. Minnesota Statutes 1986, section 124.195, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 124.09, apportionments by the county auditor pursuant to

section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to sections ~~294.21 to 294.26~~ and chapter 298.

(b) The term "cumulative amount guaranteed" means the sum of the following:

(1) one-third of the final adjustment payment according to subdivision 6; plus

(2) the product of

(i) the cumulative disbursement percentage shown in subdivision 3; times

(ii) the sum of

85 percent of the estimated aid and credit entitlements paid according to subdivision 10; plus

100 percent of the entitlements paid according to subdivisions 8 and 9; plus

the other district receipts; plus

the final adjustment payment according to subdivision 6.

Sec. 5. Minnesota Statutes 1986, section 124A.035, subdivision 5, is amended to read:

Subd. 5. [TACONITE DEDUCTIONS.] (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district.

(2) For districts which received payments under 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;~~ 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; the foundation aid shall be reduced in the October adjustment payment by the difference between the dollar amount of the payments received pursuant to those sections, or revenue recognized pursuant to section 477A.15 in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.125, subdivision 9, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid

to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

Sec. 6. Minnesota Statutes 1986, section 270.80, subdivision 2, is amended to read:

Subd. 2. "Railroad company" means:

(1) any company which as a common carrier operates a railroad or a line or lines of railway situated within or partly within Minnesota; or

(2) any company owning or operating, other than as a common carrier, a railway principally used for transportation of taconite concentrates from the plant at which the taconite concentrates are produced in shipping form to a point of consumption or port for shipment beyond the state; or

(3) any company that produces concentrates from taconite and transports that taconite in the course of the concentrating process and before the concentrating process is completed to a concentrating plant located within the state over a railroad that is not a common carrier and shall not use a common carrier or taconite railroad company as defined in clause (2) for the movement of the concentrate to a point of consumption or port for shipment beyond the state.

Sec. 7. Minnesota Statutes 1986, section 273.12, is amended to read:

#### 273.12 [ASSESSMENT OF REAL PROPERTY.]

It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby, provided, that in determining the market value of vacant land, the fact that such land is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period

of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

Notwithstanding the provisions of this or any other section, no additional value shall be assessed for unmined mineral value except for iron ore or taconite concentrates.

Sec. 8. Minnesota Statutes 1986, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10, 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 4, paragraph (c), clause (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, 124A.14, subdivision 5a, and 124A.20, subdivision 2, 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 sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.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, 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~~; 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 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 county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 9. Minnesota Statutes 1986, section 287.09, is amended to read:

287.09 [MORTGAGE ON EXEMPT PROPERTY; PROPERTY NOT DIRECTLY TAXED; RECEIPT; APPORTIONMENT OF TAX.]

When any real estate ~~situate~~ situated in this state and described in any such mortgage is exempt from taxation under the Constitution of the state of Minnesota, article 10, section 1, the tax herein

provided shall be paid to the treasurer of the county in which such real estate is ~~situate~~ situated in the same manner as if such real estate was not exempt from taxation. When any real estate ~~situate~~ situated in this state and described in such mortgage is not exempt from taxation under such section, but is not taxed by direct tax upon the assessed valuation thereof, then the tax herein provided shall be paid to the county. Real estate taxed under sections 298.23 to 298.28, relating to taconite and taconite operations ~~or under sections 294.21 to 294.28, relating to railroads transporting taconite or taconite concentrates other than as a common carrier,~~ shall not be considered to be real estate not taxed by direct tax upon the assessed valuation thereof within the meaning of this section.

Sec. 10. Minnesota Statutes 1986, section 290.92, subdivision 6, is amended to read:

Subd. 6. [RETURNS, DEPOSITS.] (1)(a) [RETURNS.] Every employer who is required to deduct and withhold tax under subdivision 2a or 3 and every person required to deduct and withhold tax under section 20, subdivision 2, shall file a return with the commissioner for each quarterly period, on or before the last day of the month following the close of each quarterly period, unless otherwise prescribed by the commissioner. Any tax required to be deducted and withheld during the quarterly period shall be paid with the return unless an earlier time for payment is provided. However, any return may be filed on or before the tenth day of the second calendar month following the period if the return shows timely deposits in full payment of the taxes due for that period. For the purpose of the preceding sentence, a deposit which is not required to be made within the return period, may be made on or before the last day of the first calendar month following the close of the period. Every employer, in preparing a quarterly return, shall take credit for monthly deposits previously made in accordance with this subdivision.

The return shall be in the form and contain the information prescribed by the commissioner. The commissioner may grant a reasonable extension of time for filing the return, but no extension shall be granted for more than six months.

(b) [ADVANCE DEPOSITS REQUIRED IN CERTAIN CASES.] (i) Unless clause (ii) is applicable, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under subdivision 2a or 3, or under section 20, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month. (ii) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 20, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the

eighth-monthly period. For purposes of this subparagraph, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the portion of a calendar month following the 25th day of the month.

(c) [OTHER METHODS.] The commissioner may by rule prescribe other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify employers payors according to the amount of their tax liability and may adopt an appropriate reporting period for each class which the commissioner deems to be consistent with efficient tax collection. In no event shall the duration of the reporting period be more than one year.

(2) If less than the correct amount of tax is paid to the commissioner, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in the manner and at the times as the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment shall be assessed and collected in the manner and at the times as the commissioner prescribes.

(3) If any employer fails to make and file any return required by paragraph (1) at the time prescribed, or makes and files a false or fraudulent return, the commissioner shall make for the employer a return from the commissioner's own knowledge and from information the commissioner obtains through testimony, or otherwise, and assess a tax on the basis of it. The amount of tax shown on it shall be paid to the commissioner at the times as the commissioner prescribes. Any return or assessment made by the commissioner shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect to it.

(4) The commissioner, in any case, on having reason to believe that the collection of the tax provided for in paragraph (1) of this subdivision, and any added penalties and interest, if any, will be jeopardized by delay, may immediately assess the tax, whether or not the time otherwise prescribed by law for making and filing the return and paying the tax has expired.

(5) Any assessment under this subdivision shall be made by recording the liability of the employer, or person withholding tax under section 20, subdivision 2, in the office of the commissioner in accordance with rules prescribed by the commissioner. Upon request of the employer, the commissioner shall furnish the employer a copy of the record of assessment.

(6) Any assessment of tax under this subdivision shall be made within 3½ years after the due date of the return required by paragraph (1), or the date the return was filed, whichever is later. In the case of a false or fraudulent return or failure to file a return, the tax may be assessed at any time. The tax may be assessed within 6½ years after the due date of the return or the date the return was filed, whichever is later, where the employer omitted withholding tax from the return which is properly includable therein and the omitted withholding tax is in excess of 25 percent of the amount of withholding tax stated on the return.

(7)(a) Except as provided in (b) of this paragraph, every employer, or person withholding tax under section 20, subdivision 2, who fails to pay to or deposit with the commissioner any sum or sums required by this section to be deducted, withheld and paid, shall be personally and individually liable to the state for the sum or sums (and any added penalties and interest). Any sum or sums deducted and withheld in accordance with the provisions of subdivision 2a or 3, or section 20, subdivision 2, shall be held to be a special fund in trust for the state of Minnesota.

(b) If the employer, or person withholding tax under section 20, subdivision 2, in violation of this section, fails to deduct and withhold the tax under this section, and thereafter the taxes against which the tax may be credited are paid, the tax required to be deducted and withheld shall not be collected from the employer; but this does not relieve the employer from liability for any penalties and interest otherwise applicable for failure to deduct and withhold.

(8) Upon the failure of any employer, or person required to withhold tax under section 20, subdivision 2, to pay to or deposit with the commissioner, within the time provided by paragraph (1), (2), or (3) of this subdivision, any tax required to be withheld in accordance with the provisions of subdivision 2a or 3, or section 20, subdivision 2, if the commissioner has assessed a tax pursuant to paragraph (4), the tax shall become immediately due and payable, and the commissioner may deliver to the attorney general a certified statement of the tax, penalties and interest due from the employer. The statement shall also give the address of the employer owing the tax, the period for which the tax is due, the date of the delinquency, and any other information required by the attorney general. The attorney general shall institute legal action in the name of the state to recover the amount of the tax, penalties, interest and costs. The commissioner's certified statement to the attorney general shall for all purposes and in all courts be prima facie evidence of the facts stated in it and that the amount shown in it is due from the employer named in the statement. If an action is instituted, the court shall, upon application of the attorney general, appoint a receiver of the property and business of the delinquent employer for the purpose of impounding it as security for any judgment which has been or may

be recovered. Any action must be brought within five years after the date of assessment of any tax under this subdivision.

(8a) The period of time during which a tax must be assessed or collection proceedings commenced under this subdivision shall be suspended during the period from the date of filing of a petition in bankruptcy until 30 days after the commissioner of revenue receives notice that the bankruptcy proceedings have been closed or dismissed or the automatic stay has been terminated or has expired.

The suspension of the statute of limitations under this subdivision shall apply to the person against whom the petition in bankruptcy is filed and all other persons who may also be wholly or partially liable for the tax under this chapter.

(9) Either party to an action for the recovery of any tax, interest or penalties under this subdivision may appeal the judgment as in other civil cases.

(10) No suit shall lie to enjoin the assessment or collection of any tax imposed by this section, or the interest and penalties added to it.

Sec. 11. Minnesota Statutes 1986, section 290.92, subdivision 7, is amended to read:

Subd. 7. [WITHHOLDING STATEMENT TO EMPLOYEE OR PAYEE AND TO COMMISSIONER.] (1) Every person required to deduct and withhold from an employee a tax under subdivision 2a or subdivision 3, or section 20, subdivision 2, or who would have been required to deduct and withhold a tax under subdivision 2a or subdivision 3, or persons required to withhold tax under section 20, subdivision 2, determined without regard to subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under subdivision 2a or 3, or section 20, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee pursuant to subdivision 20, shall furnish to each such employee or person receiving royalty payments in respect to the remuneration paid by such person to such employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of such calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(a) Name of such person,

(b) The name of the employee or payee and the employee's or payee's social security account number,

(c) The total amount of wages as that term is defined in subdivision 1(1), and/or the total amount of remuneration subject to withholding pursuant to subdivision 20, and the amount of sick pay as required under section 6051(f) of the Internal Revenue Code of 1954, as amended through December 31, 1985,

(d) The total amount deducted and withheld as tax under subdivision 2a or subdivision 3, or section 20, subdivision 2.

(2) The statement required to be furnished by this subdivision in respect of any remuneration shall be furnished at such other times, shall contain such other information, and shall be in such form as the commissioner may prescribe.

(3) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to furnish such statements to their employees or payees under this subdivision.

(4) A duplicate of any statement made pursuant to this subdivision and in accordance with rules prescribed by the commissioner, along with a reconciliation in such form as the commissioner may prescribe of all such statements for the calendar year (including a reconciliation of the quarterly returns required to be filed pursuant to subdivision 6), shall be filed with the commissioner on or before February 28 of the year after the payments were made.

Sec. 12. Minnesota Statutes 1986, section 290.92, subdivision 9, is amended to read:

Subd. 9. [DETERMINATION OF TAX DUE.] The commissioner may grant permission to employers, or persons withholding tax under section 20, subdivision 2, who do not desire to use the withholding tax tables provided in accordance with paragraph (3) of subdivision 2a, or section 20, subdivision 2, to determine the amount of tax to be withheld by use of a method of withholding other than withholding tax tables, provided such method will withhold from each employee or person receiving royalty payments substantially the same amount of tax as would be withheld by use of the withholding tax tables. Employers, or persons withholding tax under section 20, subdivision 2, who desire to determine the amount of tax to be withheld by a method other than by use of the withholding tax tables shall obtain permission from the commissioner before the beginning of a payroll period for which the employer, or person withholding tax under section 20, subdivision 2, desires to withhold the tax by such other method. Applications to use such other method must be accompanied by evidence establishing the need for the use of such method.

Sec. 13. Minnesota Statutes 1986, section 290.92, subdivision 11, is amended to read:

Subd. 11. [REFUNDS.] Where there has been an overpayment of tax imposed by this section, refund of such overpayment or credit shall be made to the employer, or person withholding tax under section 20, subdivision 2, in accordance with rules prescribed by the commissioner, but only to the extent that the amount of such overpayment was not deducted and withheld under subdivision 2a or 3, or section 20, subdivision 2, by the employer or other person subject to withholding. Any overpayment which is refunded shall bear interest at the rate specified in section 270.76, computed from the date of payment until the date the refund is paid to the employer. The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62 and so much of said fund as may be necessary is hereby appropriated for that purpose. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

Sec. 14. Minnesota Statutes 1986, section 290.92, subdivision 12, is amended to read:

Subd. 12. [WITHHELD AMOUNT, CREDIT AGAINST TAX.] The amount deducted and withheld as tax under subdivision 2a or subdivision 3, or section 20, subdivision 2, during any calendar year upon the wages of any individual or person receiving royalty payments shall be allowed as a credit to the recipient of the income against the taxes imposed by this chapter or by chapter 298, for a taxable year beginning in such calendar year. If more than one taxable year begins in such calendar year, such amount shall be allowed as a credit against the taxes for the last taxable year so beginning.

Sec. 15. Minnesota Statutes 1986, section 290.92, subdivision 13, is amended to read:

Subd. 13. [REFUNDS.] (1) Where the amount of the tax withheld at the source under subdivision 2a or 3, or section 20, subdivision 2, exceeds by \$1 or more the taxes (and any added penalties and interest) reported in the return of the employee taxpayer or imposed upon the employee taxpayer by this chapter, the amount of such excess shall be refunded to the employee taxpayer. If the amount of such excess is less than \$1 the commissioner shall not be required to refund that amount. Where any amount of such excess to be refunded exceeds \$10, such amount on the original return shall bear interest at the rate specified in section 270.76, computed from 90 days after (a) the due date of the return of the employee taxpayer or (b) the date on which the return is filed, whichever is later, to the date the refund is paid to the taxpayer. A return shall not be treated as filed until it is in processible form. A return is in processible form when it is filed on a permitted form containing the taxpayer's name,

address, social security account number, the required signature, and sufficient required information (whether on the return or on required attachments) to permit the mathematical verification of tax liability shown on the return. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess shall not constitute a determination of the correctness of the return of the employee taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest, to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 16. Minnesota Statutes 1986, section 290.92, subdivision 14, is amended to read:

Subd. 14. [RECORDS MUST BE KEPT.] Every person liable for any tax imposed by this section, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules, as the commissioner may from time to time prescribe. Any such return or statement shall include therein the information required by such rules and by the forms prescribed by the commissioner. For the purpose of determining compliance with the provisions of this subdivision, or for the purpose of collection of any taxes due under this section or section 20, the commissioner shall have power to examine, or cause to be examined, any books, papers, records, or memoranda relevant to making such determination, whether such books, papers, records, or memoranda are the property of or in the possession of such person or any other person or corporation. The commissioner shall further have power to 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 such determination, and to administer oaths or affirmations.

Sec. 17. Minnesota Statutes 1986, section 290.92, subdivision 18, is amended to read:

Subd. 18. [RETURNS; CONFESSION OF JUDGMENT.] Any return that is required to be filed with the commissioner of revenue under this section or section 20 shall (a) contain a written declaration that it is correct and complete, and (b) shall contain language prescribed by the commissioner providing a confession of judgment



for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 18. Minnesota Statutes 1986, section 290.92, subdivision 24, is amended to read:

Subd. 24. [APPLICATION FOR ACCOUNT NUMBER.] An employer, or person withholding tax under section 20, desiring to engage in business in Minnesota shall file with the commissioner an application for a withholding account number on or before the due date of the first payment required to be made under the provisions of subdivision 6. An application for an account number shall be made upon a form prescribed by the commissioner and shall set forth the name of the employer or payor, the location of the place or places of business, the names, addresses and social security numbers of the owners or partners, or if the employer or payor is a corporation of the officers, or if the employer or payor is a trust of the trustees, and such other information as the commissioner may require. The application shall be filed by the owner if the employer or payor is a natural person; by a member or partner if the employer or payor is an association or partnership; by a trustee if the employer or payor be a trust, or by a person authorized to sign the application if the employer or payor is a corporation.

No fee shall be charged for the application.

The account number is not assignable.

An employer or payor who fails to file an application for a withholding account number shall be liable to the commissioner for a penalty of \$100. The penalty shall be collected in the same manner as delinquent withholding tax is collected. The commissioner may abate this penalty.

Sec. 19. Minnesota Statutes 1986, section 290.92, subdivision 25, is amended to read:

Subd. 25. [DELEGATION OF DUTY OF EMPLOYER OR PAYOR.] The delegation to an agent, fiduciary or employee of an employer, or person withholding tax under section 20, of any duty prescribed for the employer or payor by this section shall not relieve the employer or payor of full compliance with such duty.

Sec. 20. [290.923] [TAX WITHHELD ON ROYALTIES UPON ORE.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the term "royalty" means the amount in money or value of property received by any person or corporation having any right, title, or

interest in any tract of land in this state for permission to explore, mine, take out, and remove ore from the land.

Subd. 2. [COLLECTION AT SOURCE.] (a) Every person making payment of royalties shall deduct and withhold upon such royalties a tax as provided in this section.

(b) The amount of tax to be withheld shall be based upon tables to be prepared and distributed by the commissioner. The tables must be computed for several permissible withholding periods and shall take into account any exemptions allowed under this chapter and the amounts computed for withholding shall be such that the amount withheld for any person or corporation during the person's or corporation's taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year upon the person's or corporation's income subject to tax.

Subd. 3. [RETURNS; DEPOSITS.] Every person who is required to deduct and withhold tax under subdivision 2 shall file returns and make deposits as required under section 290.92, subdivision 6.

Subd. 4. [WITHHOLDING STATEMENT.] Every person or corporation required to deduct and withhold tax under this section shall furnish withholding statements as required by section 290.92, subdivision 7.

Subd. 5. [PAYOR LIABLE FOR TAX WITHHELD.] The payor shall be liable for the payment of tax required to be deducted and withheld under subdivision 2 and shall not be liable to any person for the amount of any such payment.

Subd. 6. [DETERMINATION OF TAX DUE.] The commissioner may grant permission to payors who do not wish to use the withholding tax tables provided in accordance with subdivision 2, paragraph (b), in accordance with section 290.92, subdivision 9.

Subd. 7. [REFUNDS.] Refunds of overpayments or credits due to overpayments of tax imposed by this section shall be allowed in accordance with section 290.92, subdivisions 11 to 13.

Subd. 8. [RECORDS.] Every person liable for tax imposed by this section or for the collection of it shall be subject to the provisions of section 290.92, subdivision 14.

Subd. 9. [PAYEES INCURRING NO INCOME TAX LIABILITY.] Notwithstanding any other provision of this section a payor shall not be required to deduct and withhold any tax under this chapter upon a payment of royalties to a payee if there is in effect with respect to the payment a withholding exemption certificate, in the form and

containing the information prescribed by the commissioner, furnished to the payor by the payee certifying that the payee:

(1) incurred no liability for income tax imposed under this chapter for the payee's preceding taxable year; and

(2) anticipates incurring no liability for income tax under this chapter for the current taxable year.

The commissioner shall provide by rule for the coordination of the provisions of this subdivision with the provisions of subdivision 4.

Subd. 10. [APPLICATION FOR ACCOUNT NUMBER.] A payor desiring to engage in business in Minnesota shall file with the commissioner an application for a withholding account number in accordance with section 290.92, subdivisions 24 and 25.

Sec. 21. Minnesota Statutes 1986, section 298.01, subdivision 1, is amended to read:

Subdivision 1. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] Every person engaged in the business of mining or producing iron ore or ~~other ores~~ taconite concentrates in this state shall pay to the state of Minnesota an occupation tax equal to 15 percent of the valuation of ~~all~~ the ores mined or produced before January 1, 1986, 14.5 percent of the valuation of ~~all~~ the ores produced after December 31, 1985 and before January 1, 1987, and 14 percent of the valuation of ~~all~~ the ores produced after December 31, 1986. 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. 22. Minnesota Statutes 1986, section 298.01, is amended by adding a subdivision to read:

Subd. 3. [OCCUPATION TAX; OTHER ORES.] Every person engaged in the business of mining or producing ores, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is measured by the person's taxable income for the year for which the tax is imposed, and computed in the manner and at the rates provided in chapter 290, except that sections 290.05, subdivision 1, clause (a), and 290.01, subdivision 19c, clause (11), do not apply. Corporations shall be subject to the alternative minimum tax imposed under chapter 290. The tax applies to all ores, except iron ore and taconite concentrates, mined after December 31, 1986. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 23. Minnesota Statutes 1986, section 298.01, is amended by adding a subdivision to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing iron ore or taconite concentrates shall pay an occupation tax to the state of Minnesota. The tax is measured by the person's taxable income for the year for which the tax is imposed, and computed in the manner and at the rates provided for in chapter 290, except that sections 290.05, subdivision 1, clause (a), and 290.01, subdivision 19c, clause (11), do not apply. Corporations shall be subject to the alternative minimum tax imposed under chapter 290. The tax applies to all iron ore and taconite concentrates mined after December 31, 1989. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 24. Minnesota Statutes 1986, section 298.01, is amended by adding a subdivision to read:

Subd. 5. [IF DECLARED UNCONSTITUTIONAL.] If the taxes imposed by this section are found unconstitutional by any court of last resort, then persons engaged in the business of mining or producing iron ore or other ores shall pay the occupation taxes imposed in Minnesota Statutes 1986, chapter 298.

Sec. 25. [298.015] [NET PROCEEDS TAX ON MINING.]

Subdivision 1. [TAX IMPOSED.] A person engaged in the business of mining shall pay to the state of Minnesota a net proceeds tax equal to two percent of the net proceeds from mining in Minnesota. The tax applies to all mineral and energy resources mined or extracted within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law. The tax is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Subd. 2. [NET PROCEEDS.] For purposes of this section, the term "net proceeds" means the gross proceeds from mining, as defined in section 26, less the deductions allowed in section 27. No other credits or deductions shall apply to this tax except for those provided in section 27.

Sec. 26. [298.016] [GROSS PROCEEDS.]

Subdivision 1. [COMPUTATION; ARMS-LENGTH TRANSACTIONS.] In cases where a metal or mineral product is sold by the producer in an arms-length transaction, the gross proceeds are

equal to the proceeds from the sale of the product. This subdivision applies to sales realized on all metal or mineral products produced from mining, including without limitation, reduction, beneficiation, or any treatment used by a producer to obtain a metal or mineral product which is commercially marketable.

Subd 2. [OTHER TRANSACTIONS.] When a metal or mineral product is used by the producer or disposed of in a non-arms-length transaction, the gross proceeds must be determined using the alternative computation in subdivision 3. Transactions subject to this subdivision include, but are not limited to, shipments to a wholly owned smelter, transactions with associated or affiliated companies, and any other transactions which are not at arms-length.

Subd. 3. [ALTERNATIVE COMPUTATION.] The commissioner of revenue shall determine the alternative computation of gross proceeds using the following procedure:

(a)(1) Metal and mineral prices shall be determined by using the average annual market price as published in the Engineering and Mining Journal; (2) For metals or mineral products with a monthly or weekly price quotation in the Engineering and Mining Journal, but for which no average annual price has been published, an arithmetic average of the monthly or weekly prices published in the Engineering and Mining Journal shall be used; (3) If the price of a particular metal or mineral product is not published in the Engineering and Mining Journal, another recognized published price, as established by the commissioner of revenue will be used.

(b) The quantity of each particular metal or mineral product recovered and paid or credited for by the smelter will be multiplied by the average annual market price as determined in clause (a). Special smelter charges for particular metals will be allowed as a deduction from this price. The resulting amount will be the gross proceeds for calculating the tax in section 25.

Subd. 4. [DEFINITIONS.] (a) For the purposes of this section and sections 25 and 27, the terms defined in this subdivision have the meaning given them unless the context clearly indicates otherwise.

(b) "Metal or mineral products" means all those mineral and energy resources subject to the tax imposed in section 25.

(c) "Exploration" means activities designed and engaged in to ascertain the existence, location, extent, or quality of any deposit of metal or mineral products prior to the development of a mining site.

(d) "Development" means activities designed and engaged in to prepare or develop a potential mining site for mining after the existence of metal or mineral products in commercially marketable

quantities has been disclosed including, but not limited to, the clearing of forestation, the building of roads, removal of overburden, or the sinking of shafts.

(e) "Research" means activities designed and engaged in to create new or improved methods of mining, producing, processing, beneficiating, smelting, or refining metal or mineral products.

Sec. 27. [298.017] [DEDUCTIONS.]

Subdivision 1. [DEDUCTIONS NOT ALLOWED.] For purposes of calculating the net proceeds under section 25, the following expenses are not deductible: (1) all sales, marketing, and interest expenses; (2) all insurance expense and taxes, except as specifically provided in this section; (3) all administrative expenses outside of Minnesota; (4) any research expense prior to production; (5) all reclamation expenses after production ends; and (6) royalty expenses, depletion allowances, and cost of mining land.

Subd. 2. [DEDUCTIONS ALLOWED.] (a) In calculating the net proceeds for the purpose of determining the tax imposed in section 25, only those expenses specifically allowed in this subdivision may be deducted from gross proceeds. The carryback or carryforward of deductions shall not be allowed.

(b) Ordinary and necessary expenses actually paid for the mining, production, processing, beneficiating, smelting, or refining of metal or mineral products for (1) labor, including wages, salaries, fringe benefits, unemployment and workers' compensation insurance; (2) machinery, equipment, and supplies, including any sales and use tax paid on it, except that machinery and equipment subject to depreciation shall only be deductible under clause (b)(3); (3) depreciation as defined and allowed by section 167 of the Internal Revenue Code of 1986, as amended through December 31, 1986; and (4) administrative expenses inside Minnesota are deductible.

(c) Ordinary and necessary expenses of transporting metal or mineral products are allowed as a deduction if the costs are included in the sale price of the products.

(d) Expenses of exploration, research, or development in this state for the mining and processing of minerals within Minnesota paid in a production year are deductible in the production year.

(e) Expenses of exploration and development in Minnesota incurred prior to production must be amortized and deducted on a straight-line basis over the first five years of production.

Sec. 28. Minnesota Statutes 1986, section 298.026, is amended to read:

**298.026 [CREDIT FOR RESEARCH, EXPERIMENTATION,  
AND EXPLORATION.]**

A tax credit shall be allowed to each taxpayer against the taxes payable by such taxpayer as computed each year under sections 298.01, subdivision 1, and 298.02, for the cost of all research, experimentation, pilot plant tests and exploration work performed in Minnesota in such year for the express purpose of furthering the discovery, development, or beneficiation of Minnesota iron ore or other Minnesota ores.

Such credit shall be computed by applying to such costs and allowances the weighted average net effective rate of all the occupation taxes applicable to such taxpayer for such year imposed pursuant to section 298.01, subdivision 1, after the application of the credits against such occupation taxes allowed under section 298.02, subdivision 1, but before the application of the credit herein provided.

Any such credit shall be applied against the tax for the year for which such credit is computed except that any such credit in excess of such tax shall be applied in like manner in the next year and thereafter from year to year, but not exceeding two years, until the entire credit has been so applied.

The determination as to what type of costs will qualify under this law, and the amount allowable, will be made by the commissioner of revenue who may use the services of the University of Minnesota department of civil and mineral engineering which is hereby established as a technical consultant to the commissioner for the purposes of this section.

Sec. 29. Minnesota Statutes 1986, section 298.027, is amended to read:

**298.027 [COSTS OF MINING EXCEEDING VALUE OF ORE  
TAX CREDIT.]**

A tax credit shall be allowed to each taxpayer against the taxes computed under this chapter where the allowable costs for any mine determined under section 298.03 except taconite and semitaconite exceed the value of the ore at the place where the same is brought to the surface of the earth. The said allowable costs shall not include amounts attributable to or payable by reason of the termination of mining operations.

The credit shall be computed by applying the tax rates specified in section 298.01, subdivision 1, to the excess of such deductions over such value, but limited to; in the case of open pit iron ore mines, 53.68 percent of the credit so computed and in the case of underground mines, 42.10 percent of the credit so computed.

Such credit shall be allowed for the year in which such excess occurs.

Sec. 30. Minnesota Statutes 1986, section 298.028, subdivision 1, is amended to read:

Subdivision 1. A credit of five percent of the net cost of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used may be deducted from the tax imposed by section 298.01, subdivision 1, in the first year in which the equipment is installed.

The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$75,000. The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is installed or operated in accordance with a permit or order issued by the agency.

Sec. 31. Minnesota Statutes 1986, section 298.03, subdivision 1, is amended to read:

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, subdivision 1, 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, 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.

Sec. 32. Minnesota Statutes 1986, section 298.031, subdivision 2, is amended to read:

Subd. 2. [VALUE OF CERTAIN ORE; HOW ASCERTAINED.] (1) The taxpayer shall be given a credit in each taxable year upon the occupation tax assessed in such year upon iron ore or taconite concentrates, under Minnesota Statutes 1957, chapter 298, against a given mine after credit for labor credits has been given, in an amount equal to the occupation tax under said chapter 298 upon an amount produced by multiplying the number of tons of ore sold at a discount by the amount of such discount.

(2) The aggregate amount of all credits allowed under this section to all mines shall not exceed four percent of the aggregate amount of all occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines in the state for said year prior to the deduction of the credit allowed by this section.

(3) The amount of the foregoing subtraction shall be ascertained and determined by the commissioner.

(4) If ore stockpiled from previous years operations is sold at a discount, the discount credit shall be allowed against all ore currently being produced by the same company to the extent that the discount credit is available. Any unused credit may be carried forward and utilized with future years production of ore from the stockpiled property or other properties operated by the same company.

Sec. 33. Minnesota Statutes 1986, section 298.08, is amended to read:

**298.08 [PROCEDURE WHEN NO REPORT IS FILED; PENALTY FOR FAILURE TO REPORT.]**

If any person subject to sections 298.01, 298.03, 298.05 to 298.16, and 298.21 and section 25 shall fail to make the report provided for in section 298.05 at the time and in the manner therein provided, the commissioner of revenue shall in such case, upon information as the commissioner may possess or obtain, ascertain the kind and amount of ore mined or produced, together with the valuation thereof, and thereon find and determine the amount of the tax due from such person. There shall be added thereto a penalty for failure to report, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

Sec. 34. Minnesota Statutes 1986, section 298.09, subdivision 1, is amended to read:

Subdivision 1. On or before May 1 in each year, the commissioner of revenue shall send to each person subject to ~~an~~ an occupation tax ~~taxes~~ under the provisions of Laws 1921, chapter 223 section 298.01, as amended, or the net proceeds tax under the provisions of section 25, a notice of the amount of the tax so determined to be due. Said notice shall be sent by certified mail and directed to the person at the address given in the report filed by the person, and, if no report has been filed or no address given, then at such address as the commissioner of revenue may be able to ascertain; but the validity of the tax shall not be affected by the failure of the commissioner of revenue to mail such notice or the failure of the person subject to the tax to receive it.

Sec. 35. Minnesota Statutes 1986, section 298.25, is amended to read:

**298.25 [TAXES ADDITIONAL TO OTHER TAXES.]**

The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore ~~and in addition to the royalty tax imposed upon royalties received for permission to mine and produce iron ore~~. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite and iron sulphides, or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate therefrom, or upon the concentrate produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite or the concentrates

produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying or production of taconite and taconite concentrates within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or the transportation or loading of taconite or the concentrates thereof, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation or concentration of such taconite or concentrates produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 36. Minnesota Statutes 1986, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed 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 subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), 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 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 for school districts receiving aid under this clause 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 that receives a distribution under sections ~~294.21 to 294.26~~; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; ~~298.51 to 298.67~~ or any law imposing a tax on ~~several severed mineral values or any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties~~ that is 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 shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) 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 paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of  $1\frac{3}{4}$  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  $1\frac{3}{4}$  mills times the district's taxable valuation in the second previous year.

If the total amount provided by paragraph (d) 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 paragraph (d) 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 subdivision 11.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 37. [REPEALER.]

(a) Minnesota Statutes 1986, sections 294.21; 294.22; 294.23; 294.24; 294.25; 294.26; 299.01; 299.012; 299.013; 299.02; 299.03; 299.04; 299.05; 299.06; 299.07; 299.08; 299.09; 299.10; 299.11; 299.12; 299.13; and 299.14, are repealed.

(b) Minnesota Statutes 1986, sections 290.082; 298.04; 298.28, subdivision 14; 298.51; 298.52; 298.53; 298.54; 298.55; 298.61; 298.62; 298.63; 298.64; 298.65; 298.66; and 298.67, are repealed.

(c) Minnesota Statutes 1986, sections 298.01, subdivision 1; 298.02; 298.026; 298.027; 298.028; 298.03; 298.031; and 298.40, are repealed.

Sec. 38. [EFFECTIVE DATE.]

Sections 1, 2, 3, 5, and 36 are effective December 31, 1986, except the parts of sections 2, 3, 5, and 36 that strike references to sections 294.21 to 294.28 or sections 294.21 to 294.26 are effective January 1, 1990. Section 4 is effective January 1, 1990. Sections 6 and 9 are effective for taxes assessed in 1990 and thereafter. Sections 7 and 8 are effective for taxes assessed in 1987 and thereafter, except the part of section 8 striking references to sections 294.21 to 294.26 is effective for taxes assessed in 1990 and thereafter. Section 37, paragraph (b), is effective for taxable years beginning after December 31, 1986. Sections 21, 22, 24 to 34, are effective for ores mined after December 31, 1986. Sections 23, 35, and 37, paragraph (c), are effective for ores mined after December 31, 1989. Sections 10 to 20 and 37, paragraph (a) are effective for taxable years beginning after December 31, 1989.

ARTICLE 6

PROPERTY TAX ASSESSMENT AND REVIEW

Section 1. Minnesota Statutes 1986, section 270.11, subdivision 1, is amended to read:

Subdivision 1. [TO ACT AS STATE BOARD OF EQUALIZATION.] The commissioner of revenue shall have and exercise all the rights, powers and authority by law vested in the state board of equalization, which board of equalization is hereby continued, with full power and authority to review, modify, and revise all of the acts and proceedings of the commissioner in so far as they relate to the equalization and valuation of property assessed for taxation, as prescribed by section 270.12; ~~which state board of equalization shall meet on August 15 of each year during its existence.~~

Sec. 2. Minnesota Statutes 1986, section 270.11, subdivision 2, is amended to read:

Subd. 2. [COUNTY ASSESSOR'S REPORTS OF ASSESSMENT FILED WITH COMMISSIONER.] Each county assessor shall file by June 1 with the commissioner of revenue a copy of the abstract that will be acted upon by the county board of review. The abstract must list the real and personal property in the county, as equalized by the local board of review or equalization, itemized by assessment districts. A printed or typewritten copy of the proceedings of the local board of review or equalization must also be filed with the commissioner. The commissioner of revenue may require The assessor of each county in the state ~~to shall~~ file with the commissioner, ~~on or before August 1, each year, complete abstracts of all real and personal property in the county, as equalized by the county board of equalization, and itemized by assessment districts, within five working days following final action of the county board of equalization, any changes made by the county board of equalization. The information must be filed in the manner prescribed by the commissioner. It must be accompanied by a printed or typewritten copy of the proceedings of the county board of equalization, and it shall be the duty of the county assessor to so report to the commissioner of revenue.~~

The final abstract of assessments after adjustments by the state board of equalization and inclusion of any omitted property shall be submitted to the commissioner of revenue on or before January 1 November 15 of each calendar year.

Sec. 3. Minnesota Statutes 1986, section 270.12, subdivision 2, is amended to read:

Subd. 2. The board shall meet annually ~~on August 15~~ between July 1 and October 1 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below

its market value in money, such percent as will bring the same to its market value in money;

(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;

(3) If the board believes the valuation of the real property of any town or district in any county, or the valuation of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;

(4) The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

(5) The board shall take from the aggregate valuation of any class of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

(6) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

(7) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization; and

(8) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the department of revenue containing only sales that occurred between October 1 of the year immediately preceding the previous year to September 30 of the previous year. The sales prices used in the study must be discounted for terms of financing. The board shall use the

median ratio as the statistical measure of the level of assessment for any particular category of property.

Sec. 4. Minnesota Statutes 1986, section 270.12, subdivision 3, is amended to read:

Subd. 3. ~~For taxes levied in 1985 and thereafter~~ When a taxing jurisdiction lies in two or more counties, if the sales ratio studies prepared by the department of revenue show that the average levels of assessment in the several portions of the taxing jurisdictions in the different counties differ by more than five percent, the board may order the apportionment of the levy. When the sales ratio studies prepared by the department of revenue show that the average levels of assessment in the several portions of the taxing jurisdictions in the different counties differ by more than ten percent, the board shall order the apportionment of the levy unless (a) the proportion of total adjusted assessed value in one of the counties is less than ten percent of the total adjusted assessed value in the taxing jurisdiction and the average level of assessment in that portion of the taxing jurisdiction is the level which differs by more than five percent from the assessment level in any one of the other portions of the taxing jurisdiction; (b) significant changes have been made in the level of assessment in the taxing jurisdiction which have not been reflected in the sales ratio study, and those changes alter the assessment levels in the portions of the taxing jurisdiction so that the assessment level now differs by five percent or less; or (c) commercial, industrial, mineral, or public utility property predominates in one county within the taxing jurisdiction and another class of property predominates in another county within that same taxing jurisdiction. If one or more of these factors are present, the board may order the apportionment of the levy.

Notwithstanding any other provision, the levy for the metropolitan mosquito control district, metropolitan council, metropolitan transit district, and metropolitan transit area must be apportioned without regard to the percentage difference.

If, pursuant to this subdivision, the board apportions the levy, then that levy apportionment among the portions in the different counties shall be made in the same proportion as the adjusted assessed value as determined by the equalization aid review committee in each portion is to the total adjusted assessed value of the taxing jurisdiction.

For the purposes of this section, the average level of assessment in a taxing jurisdiction or portion thereof shall be the aggregate assessment sales ratio. Assessed values as determined by the equalization aid review committee shall be the values as determined for the year preceding the year in which the levy to be apportioned is levied.



Actions pursuant to this subdivision shall be commenced subsequent to the annual meeting on ~~August 15~~ July 1 of the state board of equalization, but notice of the action shall be given to the affected jurisdiction and the appropriate county auditors by the following ~~November 15~~ October 1.

Apportionment of a levy pursuant to this subdivision shall be considered as a remedy to be taken after equalization pursuant to subdivision 2, and when equalization within the jurisdiction would disturb equalization within other jurisdictions of which the several portions of the jurisdiction in question are a part.

Sec. 5. Minnesota Statutes 1986, section 270.13, is amended to read:

**270.13 [RECORD OF PROCEEDINGS CHANGING ASSESSED VALUATION; DUTIES OF COUNTY AUDITOR.]**

A record of all proceedings of the commissioner of revenue affecting any change in the assessed valuation of any property, as revised by the state board of equalization, shall be kept by the commissioner of revenue and a copy thereof, duly certified, shall be mailed each year to the auditor of each county wherein such property is situated, on or before ~~November 15~~ October 1 or 30 days after submission of the abstract required by section ~~270.11~~, subdivision 2, whichever is later. This record shall specify the amounts or amount, or both, added to or deducted from the valuation of the real property of each of the several towns and cities, and of the real property not in towns or cities, also the percent or amount of both, added to or deducted from the several classes of personal property in each of the towns and cities, and also the amount added to or deducted from the assessments of individuals, copartnerships, associations, or corporations. The county auditor shall add to or deduct from such tract or lot, or portion thereof, of any real property in the county the required percent or amount, or both, on the valuation thereof as it stood after equalized by the county board, adding in each case a fractional sum of 50 cents or more, and deducting in each case any fractional sum of less than 50 cents, so that no valuation of any separate tract or lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of personal property in the county the required percent or amount, or both, on the valuation thereof as it stood after equalized by the county board, adding or deducting in manner aforesaid any fractional sum so that no valuation of any separate class of personal property shall contain a fraction of a dollar, and add to or deduct from assessments of individuals, copartnerships, associations, or corporations, as they stood after equalization by the county board, the required amounts to agree with the assessments as returned by the commissioner of revenue.

Sec. 6. Minnesota Statutes 1986, section 270.87, is amended to read:

## 270.87 [CERTIFICATION TO COUNTY ASSESSORS.]

After making an annual determination of the equalized fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, the commissioner shall certify the equalized fair market value to the county assessor on or before October 1, which shall constitute the equalized fair market value of the operating property of the railroad company in such county and the taxing districts therein upon which taxes shall be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein.

Sec. 7. Minnesota Statutes 1986, section 271.21, subdivision 2, is amended to read:

Subd. 2. At the election of the taxpayer, the small claims division shall have jurisdiction only in the following matters:

(a) any case concerning the valuation, assessment, or taxation of residential property homesteaded by the taxpayer; or

(b) any other case concerning the tax laws as defined in section 271.01, subdivision 5 in which the amount of tax in controversy does not exceed \$2,500 \$5,000, including penalty and interest.

Sec. 8. Minnesota Statutes 1986, section 273.061, subdivision 1, is amended to read:

Subdivision 1. [OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.] Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, 1989.

Sec. 9. Minnesota Statutes 1986, section 273.061, subdivision 8, is amended to read:

Subd. 8. [POWERS AND DUTIES.] The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and

directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair and the poor land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cut-over, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To prepare annually and keep available in the assessor's office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, the assessor shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(13) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

(14) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

Sec. 10. Minnesota Statutes 1986, section 273.065, is amended to read:

273.065 [DELIVERY OF ASSESSMENT APPRAISAL RECORDS; EXTENSIONS.]

Assessment districts shall complete the assessment appraisal records on or before ~~May~~ March 1. The records shall be delivered to the county assessor as of that date and any work which is the responsibility of the local assessor which is not completed by ~~May~~ March 1 shall be accomplished by the county assessor or persons employed by the county assessor and the cost of such work shall be charged against the assessment district as provided in section 273.064. Extensions of time to complete the assessment appraisal records may be granted to the local assessor by the county assessor if such extension is approved by the county board.

Sec. 11. Minnesota Statutes 1986, section 273.11, is amended by adding a subdivision to read:

Subd. 10. [VALUATION OF AGRICULTURAL LAND.] Annually on December 1, beginning in 1988 and each year thereafter, the commissioner of revenue shall provide county assessors with a land valuation schedule showing a range of values to be used in the valuation of agricultural lands for the succeeding year's assessment. The land valuation schedule shall be developed matching the sales data obtained on the certificates of real estate value filed in the 12-month period between October 1 of the year immediately preceding to September 30 of the current year with information obtained from soil surveys. A range of values for each major soil type by region will be provided. Counties having similar soil types, number of degree days, and other similar characteristics will be grouped into regions for purposes of the valuation schedule. The department of revenue, in consultation with the county assessors, shall develop the land valuation schedule.

Sec. 12. Minnesota Statutes 1986, section 273.33, subdivision 2, is amended to read:

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipe lines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipe lines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipe lines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. On or before ~~the fifteenth day of November~~ October 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

Sec. 13. Minnesota Statutes 1986, section 273.37, subdivision 2, is amended to read:

Subd. 2. Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before ~~the 15th day of November~~ October 1, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.

Sec. 14. Minnesota Statutes 1986, section 274.01, subdivision 1, is amended to read:

Subdivision 1. (a) The town board of each town, the council or other governing body of each city, except in cities whose charters provide for a board of equalization, shall be a board of review. The county assessor shall fix a day and time when each of ~~such boards~~ board and the board of equalization of any city whose charter provides for a board of equalization shall meet in the several assessment districts of the county, and shall on or before ~~April 1st~~ February 1 of each year give written notice thereof to the clerk. ~~Such meetings~~ Notwithstanding the provisions of any charter to the contrary ~~shall, the meeting must~~ be held between April 1st ~~March 15 and June 30th~~ May 20 in each year, and the clerk shall give published and posted notice of ~~such~~ the meeting at least ten days prior to the date fixed. ~~Such~~ The board shall meet at the office of the clerk to review the assessment and classification of property in such town or district, and immediately proceed to examine and see that all taxable property in the town or district has been properly placed upon the list, and duly valued by the assessor. ~~In case~~ If any property, real or personal ~~shall have~~ has been omitted, the board shall place it upon the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, ~~shall be~~ is entered on the assessment list at its market value; but no assessment of the property of any person shall be raised until the person has been duly notified of the intent of the board so to do. On application of any person feeling aggrieved, the board shall review the assessment or classification or both, and correct it as shall appear just. A majority of the members may act at such meeting, and adjourn from day to day until they finish the hearing of all cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but shall not vote. The county assessor, or an assistant delegated by the county assessor shall attend such meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite such item. The county assessor shall enter all changes made by the board in the assessment book.

(b) If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification, except when an assessment was made subsequent to the meeting of the board, as provided in section 273.01, or that the person can establish not having received notice of market value at least five days before the local board of review meeting.

The board of review, and the board of equalization of any city, unless a longer period is approved by the commissioner of revenue, shall complete its work and adjourn within 20 days from the time of convening specified in the notice of the clerk and no action taken subsequent to such date shall be valid. All complaints in reference to any assessment or classification made after the meeting of such board, shall be heard and determined by the county board of equalization. Any nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor and if any such objections are filed they shall be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 15. Minnesota Statutes 1986, section 274.14, is amended to read:

#### 274.14 [LENGTH OF SESSION; RECORD.]

The county board of equalization or the special board of equalization appointed by it ~~may continue in session and adjourn from time to time commencing on the first Monday following the fourth day of July or, if the first Monday following the fourth day of July is a legal holiday, the first Tuesday following the fourth day of July and ending on or before the tenth following working day, when it shall adjourn and no action taken subsequent to the day of adjournment shall be valid unless a longer session period is approved by the commissioner of revenue meet during the first two weeks in June. The commissioner may extend the session period to August 10 June 30 but no action taken by the county board of review after the extended termination date shall be valid. The county auditor shall keep an accurate record of the proceedings and orders of the board, which record shall be published in the same manner as other proceedings of county commissioners. A copy of such the published record shall must be transmitted to the commissioner of revenue, with the abstract of assessment required by section 274.16.~~

Sec. 16. Minnesota Statutes 1986, section 274.16, is amended to read:

## 274.16 [CORRECTED LISTS, ABSTRACTS.]

The county assessor or, in Ramsey county, the official designated by the board of county commissioners shall calculate the changes of the assessment lists determined by the county board of equalization, and make corrections accordingly, in the real or personal lists, or both, and shall make duplicate abstracts of the same; one shall be filed in the assessor's office, and one shall be forwarded to the commissioner of revenue ~~on or before August 1~~ as provided in section 270.11, subdivision 2.

Sec. 17. Minnesota Statutes 1986, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, towns, and school districts shall be certified by the proper authorities to the county auditor on or before October 10 in each year. If a city, town, county, school district or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year. If the local unit notifies the commissioner of revenue before October 10 of its inability to certify its levy by that date, and the commissioner is satisfied that the delay is unavoidable and is not due to the negligence of the local unit's officials or staff, the commissioner shall extend the time within which the local unit shall certify its levy up to 15 calendar days beyond the date of request for extension. For 1988 only, the commissioner may extend the certification time to November 7 if the requirements of this subdivision are met.

## Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 7, 9, 10, and 12 to 17 are effective for the 1988 assessment and thereafter, and taxes payable in 1989 and thereafter. Section 11 is effective for the 1989 assessment and thereafter, and taxes payable in 1990 and thereafter.

## ARTICLE 7

## TAX EXEMPT PROPERTY

Section 1. Minnesota Statutes 1986, 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, fairgrounds, port authority, economic development authority established under chapter 458C, ~~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, or 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.~~

A municipal auditorium or a municipal stadium is exempt from the tax imposed by this subdivision, only if the facility is available for use by the public as participants, spectators, or members of the audience. The exemption does not extend to any part of the property that is reserved for the use of a private individual, association, or corporation and is not available for use by the public on a regular basis.

(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. 2. Minnesota Statutes 1986, section 272.01, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution

lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, telephone or telegraph companies, and pipelines used for the transmission and distribution of petroleum products;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Inventories of raw materials, work in process and finished goods and machinery and equipment owned by the federal government and leased, loaned or otherwise made available and used by private individuals, associations or corporations in connection with the production of goods for sale to the federal government;

(e) Indian lands;

(f) (d) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(g) (e) Real property owned by the state and leased pursuant to section 161.23 and acts amendatory thereto;

(h) (f) Real property owned by a seaway port authority on June 1, 1967 upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the three one year limitation in the provisions of section 273.19.

(i) (g) Notwithstanding the provisions of clause (h) (f), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during

such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831 and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

Sec. 3. Minnesota Statutes 1986, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity except parcels of property containing structures and the structures assessed as class 7(a), (b), (c), or (d);
- (7) All public property exclusively used for any public purpose;
- (8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d) shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transport-

ing or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures; and

(f) flight property as defined in section 270.071.

(9) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation

pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1982, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8, and 9.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band;

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band; and

(c) a facility at which a licensed Minnesota manufacturer produces distilled spirituous liquors, liqueurs, cordials, or liquors designated as specialties regardless of alcoholic content, but not including ethyl alcohol, distilled with a majority of the ingredients grown or produced in Minnesota.

An exemption provided by paragraph (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) (16) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

Sec. 4. Minnesota Statutes 1986, section 272.02, is amended by adding a subdivision to read:

Subd. 7. (a) Notwithstanding the provisions of subdivision 1 or any other law to the contrary, property owned and operated by a (1) hospital, medical clinic, nursing home, or related facility; (2) school, academy, college, university, or seminary of learning; (3) church; or (4) other charitable or nonprofit entity, is taxable if used primarily

for the sale of tangible personal property and meals or for other business not directly related to the charitable or exempt purpose of the entity.

(b) If properties are used for multiple uses some of which are exempt and others taxable, the taxable part of the value of the property must be determined using an appropriate apportionment factor, such as the time of use for exempt and nonexempt purposes.

(c) The provisions of this subdivision do not apply to property owned by the United States, the state, a political subdivision of the state, an Indian tribe or tribal corporation, or a property or part of a property on which a tax or payment in lieu of tax is imposed under section 272.01, subdivision 2, 273.19, or other law.

Sec. 5. Minnesota Statutes 1986, section 273.19, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3 or 4, property held under a lease for a term of ~~three or more years~~ at least one year, and not taxable under section 272.01, subdivision 2, or under a contract for the purchase thereof, when the property belongs to the United States, to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same. This subdivision does not apply to property exempt from taxation under section 272.01, subdivision 2, clause (b)(2).

Sec. 6. Minnesota Statutes 1986, section 273.19, is amended by adding a subdivision to read:

Subd. 1a. For purposes of this section, a lease includes any agreement permitting a nonexempt person or entity to use the property, regardless of whether the agreement is characterized as a lease. A lease has a "term of at least one year" if the term is for a period of less than one year and the lease permits the parties to renew the lease without requiring that similar terms for leasing the property will be offered to other applicants or bidders through a competitive bidding or other form of offer to potential lessees or users.

Sec. 7. Minnesota Statutes 1986, section 273.19, subdivision 3, is amended to read:

Subd. 3. The assessed value of property held under a lease for a term of ~~three or more years~~ at least one year which (i) is located within a federal reservation; (ii) has been conveyed to the state of Minnesota by the federal government; and (iii) had been occupied

and used by a branch of the armed services of the United States, shall be no greater than the value added to the property by improvements to the property made by the lessee.

Sec. 8. Minnesota Statutes 1986, section 273.19, subdivision 4, is amended to read:

Subd. 4. Property held under a lease for a term of ~~three or more years~~ at least one year which is owned by the United States and located within a national park shall be exempt, provided the property was acquired by the United States by condemnation or purchased by the United States under threat of condemnation, and within a reasonable time leased back for noncommercial residential purposes to the person owning the property at the time of acquisition by the United States. If property exempt under this subdivision is subsequently leased or subleased for a term of ~~three or more years~~ at least one year to another person, it shall no longer qualify for the exemption provided in this subdivision and shall be placed on the assessment rolls as provided in section 272.02, subdivision 4, and taxed pursuant to subdivision 1 of this section.

The value of improvements made to property otherwise exempt pursuant to this subdivision which are owned by the lessee or to which the lessee has salvage rights shall be taxable to the lessee pursuant to subdivision 1.

Sec. 9. Minnesota Statutes 1986, section 473.556, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION OF PROPERTY.] Any real or personal property acquired, owned, leased, controlled, used, or occupied by the commission for any of the purposes of sections 473.551 to 473.595 is declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and shall be exempt from ad valorem taxation by the state or any political subdivision of the state, provided that such properties shall be subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any such properties in any manner different from their use under sections 473.551 to 473.595 at the time shall be considered in determining the special benefit received by the properties. All assessments shall be subject to final confirmation by the council, whose determination of the benefits shall be conclusive upon the political subdivision levying the assessment. ~~Notwithstanding the provisions of section 272.01, subdivision 2, or 273.19,~~ Real or personal property leased by the commission to another person for uses related to the purposes of sections 473.551 to 473.595, including the operation of the metropolitan sports area, but not including property sold or leased for development pursuant to subdivision 6, shall be exempt from taxation regardless of the length



of the lease taxable as provided in section 272.01, subdivision 2, or 273.19. The provisions of this subdivision, insofar as they require exemption or special treatment, shall not apply to any real property at the metropolitan sports area which is leased by the commission for development pursuant to subdivision 6.

Sec. 10. [429.102] [SERVICE CHARGES; TAX EXEMPT PROPERTY.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) "Basic public services" means the amount expended by the city for police, fire, street and road construction and maintenance, street lighting, sanitation, and other similar property service related public services, as determined by resolution of the city pursuant to rules adopted by the commissioner of revenue. Basic public services does not include expenditures for improvements or services that are specially assessed or charged under chapter 429, 430, 435, or the provisions of any other law or charter.

(c) "Tax exempt property" means a building or part of a building exempt from ad valorem property taxation under section 272.02 or other law, except a building or part of a building owned by the federal government, state, or a political subdivision of the state; a building or part of a building owned by an Indian tribe or tribal corporation; a building or part of a building for which payments in lieu of property taxes are made under any other law; or a building or part of a building on which a tax is imposed under section 272.01, subdivision 2, 273.19, or any other law.

(d) "Qualifying costs" means basic public services multiplied by a fraction. The numerator of the fraction is the city's levy for the current year. The denominator of the fraction is total city expenditures for the current year.

(e) "Qualifying value" means the total market values of tax exempt property as defined in clause (c) in the city as determined by the assessor under subdivision 3, divided by the total value of all taxable and tax exempt property in the city.

(f) "City" means a home rule charter or statutory city.

Subd. 2. [CITY SERVICE CHARGE.] A city may by resolution impose a service charge to pay for the cost of providing basic public services to tax exempt property. If imposed, the service charge must apply to all tax exempt property located within the city and must be calculated as provided in this section. The resolution must be adopted by August 1 to be effective for service charges payable the following year. The city clerk shall forward a copy of the resolution to the city and county assessor, county auditor, and county treasurer

of the county in which the city is located within ten business days after adoption of the resolution.

Subd. 3. [CALCULATION OF SERVICE CHARGE.] (a) The assessor responsible for assessing taxable property in the city shall determine at the time and in the manner specified for other properties the market value of each tax exempt property as defined in clause (c) in the city with reference to January 2 of the current year.

(b) The county auditor shall determine and multiply the qualifying value for the city times the qualifying costs for the city. The product of the calculation is the service charge to be allocated among all tax exempt properties in the city for the current calendar year. The amount of the service charge must be allocated to each tax exempt property in the proportion that its value determined under paragraph (a) bears to the total tax exempt value for the city. The service charge must be calculated and allocated to the individual properties by October 1.

Subd. 4. [PAYMENT.] A statement of the amount due under subdivision 3 must be mailed to the owner of the tax exempt property by January 15 of the succeeding year. For the purpose of mailing statements under this section, owners shall be those shown on the records of the county auditor or other appropriate records. Owners of the properties may designate in writing to the county auditor the person and address to which the statements must be mailed.

Payment must be made to the county treasurer by March 15. If the amount due exceeds \$100, payment may be made in two equal installments on March 15 and September 15. The city may provide by resolution an alternate payment schedule, if the schedule applies equally to all properties on which a service charge is imposed under this section. If the service charge is not paid by the due date, interest accrues from the date the installment is due and is payable at the rate determined under section 549.09. Service charges imposed under this section constitute a lien upon the property on which they are imposed. The liens attach and may be enforced in the same manner and have the same priority as liens for special assessments. The city may enforce payment of the charges in the same manner as other debts owed the city.

Subd. 5. [LEVY LIMIT.] The amount of the service charges imposed by a city under this section must be deducted from the levy limit of the city under sections 275.50 to 275.56 for the year following the year for which the service charge is imposed.

Subd. 6. [DUTIES OF COMMISSIONER; RULES.] The commissioner of revenue shall adopt emergency and permanent rules to implement this section. The emergency and permanent rules must

further define "basic public services" for purposes of a service charge imposed under this section, and must establish the accounting practices by which a city must compute its expenditures for basic public services.

Subd. 7. [AUDIT.] The commissioner may audit cities imposing a service charge under this section for compliance with the requirements of this section and the rules adopted pursuant to subdivision 6. A city imposing a service charge and the county officials of the county in which the city is located must make available to the commissioner any records the commissioner requires to determine whether the city is in compliance. If the commissioner determines that the city is not in compliance or does not have sufficient information to determine compliance, the commissioner shall notify the county officials and the city council of the records needed to determine compliance or bring the city into compliance. If the city or county officials do not furnish the required records or take the action required by the commissioner within 90 days, the service charge payable the year following the year of notification may not be imposed, nor may it be imposed for any following years until the commissioner has certified that the requirements of this section have been met.

Subd. 8. [SEVERABILITY.] If a provision of this section or the application of this section to a type or use of property is held unconstitutional, the remainder of the section and its application to other properties remain valid.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 9 are effective beginning for property taxes assessed in 1987 and payable in 1988. Section 10 is effective for service charges imposed after December 31, 1986.

ARTICLE 8

PROPERTY TAX VALUES, AIDS, AND LEVY LIMITS

Section 1. [273.1195] [STATE PAID SMALL BUSINESS CREDIT.]

The property tax payable on class 3a commercial industrial property is eligible for a state paid small business property tax credit if the property taxes on the first \$100,000 of market value of the property exceed three percent of the market value.

The business property tax credit is equal to the sum of: (1) 35 percent of the property tax amount attributable to the first \$100,000 of market value that is in excess of a three percent effective tax rate but less than a four percent effective tax rate, and (2) 50 percent of

the property tax amount attributable to the first \$100,000 of market value that is in excess of a four percent effective tax rate.

“Effective tax rate” means the net property taxes payable by the owner, divided by the assessor’s estimated market value of the property on January 2 of the preceding year. Only a parcel that qualifies for the 28 percent assessment ratio contained in section 273.13, subdivision 24, paragraph (a), qualifies for the credit provided in this section.

In the case of taxes paid in installments pursuant to section 279.01, subdivision 1, the credit under this section must be deducted from the second one-half installment payable October 15. The amount of the reduction must be reported to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29.

There is annually appropriated from the general fund to the commissioners of revenue and education the amount necessary to replace the revenue lost to local units of government and school districts as a result of the reduction in property taxes provided in this section. The payment amounts must be determined and the installments paid under the provisions of sections 273.13, subdivision 15a, and 273.1392.

Sec. 2. [273.126] [CITY TAX BASE EQUALIZATION CREDIT.]

Subdivision 1. [DEFINITIONS.] (a) “Adjusted assessed value per capita” means the city’s previous year taxable valuation adjusted for the contributions and distributions required by chapter 473F in the case of a city located within the metropolitan area and less the captured value in any tax increment district, divided by the municipality’s most recent aggregate sales ratio prepared by the department of revenue under section 124.2131; divided by the population of the city.

(b) “City” means a home rule charter or statutory city.

(c) “Equalized municipal mill rate” means a city’s mill rate for taxes payable in that year multiplied by its most recent aggregate sales ratio prepared by the department of revenue under section 124.2131.

(d) “Population” means the population established by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the metropolitan council, or by a population estimate of the state demographer under section 116K.04, subdivision 4, clause (10), whichever is the most recent as to the stated date of the count or estimate. The term “per capita” refers to population as defined by this clause.

(e) “State average adjusted assessed value per capita” means the sum of all of the cities’ adjusted assessed values divided by the sum of the population of all of the cities.

Subd. 2. [ALLOCATION OF TAX BASE EQUALIZATION CREDIT.] A tax base equalization credit shall be determined and allocated by the commissioner of revenue to cities whose adjusted assessed values per capita are less than the statewide average adjusted assessed value per capita as follows: the credit per capita shall be determined by multiplying the lesser of 13 mills, or the equalized municipal mill rate, by the amount that the state average adjusted assessed value per capita exceeds the city’s average adjusted assessed value per capita. The credit per capita shall be multiplied by the population of the city to determine the preliminary tax base equalization credit allocated to each city. The preliminary tax base equalization credit for the city shall not exceed 50 percent of the previous year’s levy which was certified to the county auditor by that city. The amount of the tax base equalization credit allocated to the city shall be equal to the preliminary credit amount multiplied by a fraction. The numerator of the fraction is the assessed value of all nonhomestead property excluding the assessed value of property classified under section 273.13, subdivision 24, paragraph (b) and the denominator of the fraction is the assessed value of all taxable property located within the city.

If the city is located in more than one county, the home county auditor shall apportion each respective county’s share of the tax credit in proportion to each county’s share of assessed value of eligible property and certify the resulting amount of tax credit to each of the affected county auditors. The commissioner shall notify the county auditor and each city of the city’s allocation by December 1 of the year the taxes are levied.

Subd. 3. [CREDIT TO TAXPAYER.] The county auditor shall use the city’s tax base equalization credit as certified by the commissioner in subdivision 2 to reduce the taxes payable the following year on each parcel of nonhomestead taxable property located within the city excluding parcels of property classified under section 273.13, subdivision 24, paragraph (b). The equalization credit shall be allocated to each qualifying nonhomestead parcel in proportion to the parcel’s assessed value, relative to the total qualifying assessed value of all nonhomestead property in the city. The amount of the credit allocated to each parcel of property shall be a reduction of the property tax liability of the owner of the property for taxes payable in the year following the year the credit is allocated. In the case of taxes paid in installments pursuant to section 279.01, subdivision 1, the credit under this section must be deducted from the second one-half installment payable October 15.

Subd. 4. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioners of revenue and educa-

tion the amount necessary to replace the revenue lost to local units of government and school districts as a result of the reduction in property taxes provided in this section. The payment amounts must be determined and the installments paid under the provisions of sections 273.13, subdivision 15a, and 273.1392.

Sec. 3. Minnesota Statutes 1986, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first ~~\$64,000~~ \$66,000 of market value of class 1a property must be assessed at ~~18~~ 16 percent of its market value. The homestead value of class 1a property that exceeds ~~\$64,000~~ \$66,000 must be assessed at ~~28~~ 26 percent of its value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

- (A) aid from any state as a result of that disability; or
- (B) supplemental security income for the disabled; or
- (C) workers' compensation based on a finding of total and permanent disability; or
- (D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or
- (E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or
- (F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability.

Property is classified and assessed pursuant to clause (1) only if the commissioner of human services certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. The commissioner of human services shall provide a copy of the certification to the commissioner of revenue.

Class 1b property is valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first ~~\$32,000~~ \$33,000 of market value shall be valued and assessed at five percent, the next ~~\$32,000~~ \$33,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 18 percent; and in the case of all other real estate and manufactured homes, the first ~~\$32,000~~ \$33,000 of market value shall be valued and assessed at five percent, the next ~~\$32,000~~ \$33,000 of market value shall be valued and assessed at ~~18~~ 16 percent, and the remaining market value shall be valued and assessed at ~~28~~ 26 percent. In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 18 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and ~~18~~ 16 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the

owner. It must be assessed at 12 percent of market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

(d) The tax to be paid on class 1a or class 1b property, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by ~~54~~ 49 percent of the tax imposed on the first \$68,000 of market value. The amount of the reduction shall not exceed \$700.

Sec. 4. Minnesota Statutes 1986, section 273.1312, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY REQUIREMENTS.] An area is eligible for designation if the following requirements are met:

(a) The boundary of the zone or each subdivision of the zone is continuous and includes vacant or underutilized lands or buildings.

(b) The area of the zone is less than 400 acres. The total market value of the taxable property contained in the zone at the time of application is less than \$100,000 per acre or \$300,000 per acre for an area located wholly within a first class city. A zone which is located in a city of the third or fourth class may be divided into two to four separate subdivisions which need not be contiguous with each other. Each subdivision must contain not less than 100 acres. The restrictions provided by this paragraph shall not apply to areas designated pursuant to paragraph (c), clause (2), or (3), ~~or~~ (4).

(c) (1) The proposed zone is located within an economic hardship area, as established by meeting two or more of the following criteria:

(A) the number of residential housing units within the area which are substandard is 15 percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census or data submitted by the municipality and approved by the commissioner;

(B) the percentage of households within the area that fall below the poverty level, as determined by the United States Census Bureau, is 20 percent or greater;

(C) (i) the total market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area has declined or it has increased less than 10.5 percent over the preceding three-year period;



(D) for the last full year for which data is available, the per capita income in the area was 90 percent or less of the per capita income for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(E) (i) the current rate of unemployment in the area is 120 percent of the statewide average unemployment for the last 12-month period for which verifiable figures are available, or (ii) the total number of employment positions has declined by ten percent during the last 18 months; or

(2) the area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones; and

(3) the area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed; or

(4) the area is to be utilized by a single corporation for a new manufacturing facility that has a projected employment of no less than 5,000 people, a projected capital investment of at least \$3,000,000,000, and the commissioner determines the direct and indirect economic benefits of the new facility justify the designation of the area as a special enterprise zone.

For purposes of this subdivision, an economic hardship area must have a population under the most recent federal decennial census of at least (i) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (ii) 2,500 for an area located outside of a standard metropolitan statistical area, or (iii) no minimum in the case of an area located in an Indian reservation; except that, in the case of two or more cities seeking designation of an enterprise zone under a joint exercise of power pursuant to section 471.59, the minimum population required by this provision shall not exceed the sum of the populations of those cities.

Sec. 5. Minnesota Statutes 1986, section 273.1313, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of revenue.

(c) "Employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(1) The property is located within an enterprise zone designated according to section 273.1312.

(2) The property is commercial or industrial property which is not used in a trade or business which either is described in section ~~103(b)(6)(O)~~ 144(c)(6)(B) or 147(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1984~~ 1986, or is property of a public utility.

(d) "Market value" of a parcel of employment property means the value of the taxable property as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market value of the property referred to in clause (i) as assessed in each year after the employment property is first placed in service. In each year, any change in the values of the employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.

(e) "Municipality" means any home rule charter or statutory city or county, but a county may not exercise the powers granted in this section with reference to property situated within a city.

(f) Notwithstanding the provisions of paragraphs (c) and (d) "employment property" and "market value" includes in the case of taxable real property located in an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the entire value of the commercial and industrial property, including land, used in a trade or business which is not used in a trade or business which either is described in section ~~103(b)(6)(ii)~~ 144(c)(6)(B) or 147(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1984~~ 1986, or is the property of a public utility. The provisions of this paragraph shall not apply to employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), that is assessed pursuant to the first clause of the first sentence of section 273.13, subdivision 24, paragraph (b).

Sec. 6. Minnesota Statutes 1986, section 273.1314, subdivision 8, is amended to read:

Subd. 8. [FUNDING LIMITATIONS.] The maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312 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 \$38,400,000. 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 An additional \$2,000,000 is allocated to the zones designated under section 273.1312, subdivision 4, paragraph (c), clause (3), except no additional amounts may be allocated to a zone located in a first class city. The funds for zones designated under section 273.1312, subdivision 4, paragraph (c), clause (3), are allocated among such zones on a per capita basis except that of the original \$16,610,940 allocation 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).

Sec. 7. Minnesota Statutes 1986, section 273.1314, subdivision 9, is amended to read:

Subd. 9. [AUTHORIZED FORMS OF STATE TAX REDUCTIONS.] (a) The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) an exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone if the purchase was made after the date of application for the zone;

(2) a credit against the income tax of an employer for additional workers employed in the zone, other than workers employed in construction, up to a maximum of \$3,000 per employee per year;

(3) an income tax credit for a percentage of the cost of debt financing to construct new or expanded facilities in the zone; and

(4) a state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone; and

(5) a complete abatement of all corporate income and excise taxes under chapter 290, property taxes, and sales and use taxes under chapter 297A on the purchase of construction materials or equipment for use in the zone if the zone is designated pursuant to section 273.1312, subdivision (4), paragraph (e), clause (4). Local taxing authorities with an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (e), clause (4), will be reimbursed by the state for foregone property taxes only to the extent that the local taxing authority can demonstrate the development within that zone has imposed an additional net financial burden on its budget. The additional net financial burden shall be determined by subtracting the increase in the total equalized assessed property value of the local taxing authority that is in excess of a statewide average increase in equalized assessed property values as determined by the commissioner of revenue, multiplied by the mill rate of the local taxing authority for taxes payable in the current year, from the additional direct costs the development has placed on the local taxing authority's budget for the current year. The commissioner of energy and economic development, in consultation with the commissioner of revenue, shall review that local taxing authority's demonstration of additional financial burden and determine the amount which the state will reimburse the local taxing authority for foregone property tax revenue.

(b) The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

(c) Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner of revenue shall take the steps necessary to implement the tax reductions.

(d) The tax reductions provided by this subdivision shall not apply to any facility described in section ~~103(b)(6)(O)~~ 144(c)(6)(B) or 147(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through ~~January 15, 1983~~ December 31, 1986, or to any regulated public utility.

(e) The commissioner shall approve tax reductions authorized by paragraph (a) within an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), only after the governing body of a city designated as an enterprise zone has designated an area or areas, each consisting of at least 100 acres, of the city not in excess of 400 acres in which the tax reductions may be provided.

(f) In addition to the tax reductions authorized by paragraph (a), for an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the following types of tax reductions may be approved:

(1) A credit against income tax for workers employed in the zone and not qualifying for a credit under paragraph (a), clause (2), subject to a maximum of \$1,500 per employee per year;

(2) A state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone. Notwithstanding paragraph (d), the credits provided by this paragraph may be provided to the businesses described in section ~~103(b)(6)(O)(i)~~ 144(c)(6)(B) or 147(e) of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, 1983 1986.

(g) Each tax reduction provided to a business pursuant to this subdivision shall terminate not longer than five years after the effective date of the tax reduction for the business. Subject to the five-year limitation, the tax reductions may be provided after expiration of the zone's designation.

(h) The income tax credits provided pursuant to clauses (a) and (f) may be refundable.

Sec. 8. Minnesota Statutes 1986, section 273.1392, is amended to read:

273.1392 [PAYMENT; AIDS TO SCHOOL DISTRICTS.]

The amounts of homestead credit under section 273.13, subdivisions 22 and 23; wetlands credit and reimbursement under section 273.115; native prairie credit and reimbursement under section 273.116; small business credit under section 1; city tax base equalization credit under section 2; disaster or emergency reimbursement under section 273.123; attached machinery aid under section

273.138; and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10.

Sec. 9. Minnesota Statutes 1986, section 273.1393, is amended to read:

273.1393 [COMPUTATION OF NET PROPERTY TAXES.]

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) city tax base equalization credit as provided in section 2;
- (2) small business property tax credit as provided in section 1;
- (3) disaster credit as provided in section 273.123;
- (2)(4) wetlands credit as provided in section 273.115;
- (3)(5) native prairie credit as provided in section 273.116;
- (4)(6) powerline credit as provided in section 273.42;
- (5)(7) agricultural preserves credit as provided in section 473H.10;
- (6)(8) enterprise zone credit as provided in section 273.1314;
- (7)(9) state school agricultural credit as provided in section 124.2137;
- (8)(10) state paid homestead credit as provided in section 273.13, subdivisions 22 and 23;
- (9)(11) taconite homestead credit as provided in section 273.135;
- (10)(12) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

Sec. 10. Minnesota Statutes 1986, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1985 and thereafter 1987, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) a percentage equal to the percentage growth in the implicit price deflator, or ~~five~~ three percent, whichever is lesser;

(b) a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived pursuant to subdivision 6;

(c) one-half of the amount levied as a special levy in the previous year for paying the costs of municipal services provided to new private industrial and nonresidential commercial development pursuant to section 275.50, subdivision 5, clause (m), if the special levy is discontinued;

(d) the amount of any permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year, pursuant to section 275.58, subdivisions 1 and 2; and

(e) the amount, if known, equal to the decrease in federal revenue sharing allotment from the levy year to the year in which the levy is payable; otherwise the amount equal to the decrease in federal revenue sharing allotment in the levy year as compared to the previous year if the levy base for the previous year has not been adjusted for a decrease in federal revenue sharing allotment.

Sec. 11. Minnesota Statutes 1986, section 276.04, is amended to read:

**276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.]**

On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. The treasurer shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in bold

face print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT." The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of manufactured homes and sectional structures taxed as personal property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. The taxpayer is defined as the owner who is responsible for the payment of the tax. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall show the amount attributable to section 124.2137 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 22 and 23 as "state paid homestead credit." The statement must state the amount deducted under section 1 and identify it as "state paid small business credit." The statement must also state the amount deducted under section 2 and identify it as "state paid city equalization credit." If so directed by the county board, the treasurer shall visit places in the county as the treasurer deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists. Failure to mail the tax statement shall not be deemed a material defect to affect the validity of any judgment and sale for delinquent taxes.

#### Sec. 12. [1987 LOCAL GOVERNMENT AID REDUCTION.]

The final local government aid amount computed for calendar year 1987 for each county government under section 477A.012, subdivision 1, and each town and city under section 477A.013 shall be reduced by 1.6 percent. One-half of the reduction amount shall be deducted by the commissioner of revenue from each taxing district in the July 15, 1987, payment and the remaining one-half shall be subtracted from the taxing district's December 15, 1987, payment amount under section 477A.015.

Sec. 13. Minnesota Statutes 1986, section 477A.012, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] In calendar year ~~1987~~ 1988, each county government shall receive a distribution equal to ~~104~~ 98.4 percent of the aid amount originally certified for ~~1986~~ 1987 pursuant to sections ~~477A.011 to 477A.03~~. Each county government that received no distribution in 1986 pursuant to sections 477A.011 to



477A.03 shall receive a distribution in calendar year 1987 computed by multiplying the county's population by a factor equal to the total increase in aid certified to all other counties under this section in 1987 over the total amount certified in 1986, divided by the total population of those counties this subdivision as reduced under section 12.

Sec. 14. Minnesota Statutes 1986, section 477A.013, is amended to read:

#### 477A.013 [MUNICIPAL GOVERNMENT DISTRIBUTIONS.]

Subdivision 1. [TOWNS.] In calendar year ~~1987~~ 1988, each town which had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to ~~104.98.4~~ percent of the greater of: (a) 60 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03; or (b) the amount received originally certified in ~~1986~~ 1987 pursuant to sections 477A.011 to 477A.03 as reduced under section 12.

Subd. 2. [CITIES.] In calendar year ~~1987~~ 1988, each city shall receive a local government aid distribution as determined by the following steps:

(1) A preliminary aid amount shall be computed for each city equal to the amount obtained by subtracting its local effort mill rate multiplied by its equalized assessed value from its fiscal need factor, except that its preliminary aid amount may not be less than its previous year aid amount.

For any city which received more than \$70 per capita in attached machinery aids in 1983 pursuant to Minnesota Statutes 1982, section 273.138, an amount equal to the amount of attached machinery aids received in 1983 shall be added to the preliminary aid amount.

(2) For each city, an aid increase amount equal to the amount by which its preliminary aid amount exceeds its previous year aid amount shall be determined. Each city's aid increase amount shall be reduced by a uniform percentage as determined by the commissioner of revenue, to make the sum of the final aid distributions for all cities equal the aid limitation imposed by subdivision 3.

(3) Each city's final aid amount shall be equal to the sum of its aid increase amount, as adjusted, and its previous year aid amount; provided, however, that no city's aid shall exceed its maximum aid amount, and further provided that no city which is a city of the first class shall have a final aid amount which is less than 102 percent of its previous year aid.

Subd. 3. [AID LIMITATION.] The total amount available for distribution to cities pursuant to subdivision 2 shall be \$297,440,000 for calendar year 1987 equal to 98.4 percent of the amount that the city was originally certified to receive for calendar year 1987 under this subdivision as reduced under section 12.

Sec. 15. [PAYABLE 1988 PROPERTY TAX LEVY LIMITATION FOR CITIES UNDER 5,000 POPULATION.]

Notwithstanding any other law to the contrary, the maximum amount of property taxes which may be levied in 1987 payable in 1988 for each charter or statutory city that has a population of less than 5,000 according to the most recent federal census, shall be determined as follows:

(a) add the total amount of property taxes levied in 1986 payable in 1987 and the local government aid amount originally certified for 1987 under section 477A.013, subdivision 2 before the aid reduction in section 12;

(b) multiply the amount in clause (a) by 103 percent; and

(c) subtract the local government aid amount certified for 1988 under section 477A.013, subdivision 2 as reduced under section 12.

Sec. 16. [HOMESTEAD CREDIT LIMITATION.]

The appropriation from the general fund to the commissioner of revenue for the purpose of making the payments provided in Minnesota Statutes, section 273.13, subdivisions 22 and 23, shall not exceed \$557,000,000 in fiscal year 1989. In the event that the sum of the county auditors' certifications exceeds the appropriation, the payment amounts shall be proportionally reduced so that their sum equals the appropriation. The homestead credit applicable to manufactured homes under section 274.19 shall not be included in the appropriation limitation specified in this section.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 3 and 8, 9, and 11 are effective for taxes levied in 1987 and thereafter, for taxes payable in 1988 and thereafter. Sections 4 to 7 are effective the day following final enactment. Section 10 is effective for taxes levied in 1987 and payable in 1988.

## ARTICLE 9

### SALES TAX

Section 1. Minnesota Statutes 1986, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter. "Sales" also include the transfer of computer software, meaning information and directions which dictate the function to be performed by data processing equipment and which are sold without adaptation to the specific requirements of the purchaser. This type of Computer software, whether contained on tape, discs, cards, or other devices, shall be considered tangible personal property. Master computer software programs that are purchased and used to make copies for sale or lease are property purchased for resale;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing or processing;

(c) The furnishing, preparing or serving for a consideration of food, meals or drinks, not including hospitals, sanatoriums, nursing homes or senior citizens homes, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges; ~~or the occasional meal thereof by a charitable or church organization.~~ "Sales" also includes meals furnished by employers to employees at less than fair market value. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

- (vi) gum;
  - (vii) ice;
  - (viii) all food sold in vending machines;
  - (ix) party trays prepared by the retailers; and
  - (x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;
- (d) The granting of the privilege of admission to places of amusement, suntan facilities, or athletic events and the privilege of use of amusement devices, suntan facilities, or athletic facilities;
- (e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;
- (f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service and, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;
- (g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar television services;
- (h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association but shall not apply with respect to the sale of a horse bred and born in the state of Minnesota;
- (i) The furnishing for consideration of laundry and dry cleaning services, including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, carpet, drapery, and upholstery cleaning, cleaning and blocking hats, custom tailoring of

clothes, and making fur apparel to custom order, unless the sale is taxable under section 297A.25, subdivision 8, but excluding services provided by coin operated facilities operated by the customer;

(j) The furnishing for consideration of car wash, wax, and cleaning services, but excluding services provided by coin-operated facilities operated by the customer.

Sec. 2. Minnesota Statutes 1986, section 297A.01, subdivision 4, is amended to read:

Subd. 4. A "retail sale" or "sale at retail" means a sale for any purpose other than resale in the regular course of business. Property utilized by the owner only by leasing such property to others or by holding it in an effort to so lease it, and which is put to no use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale. Sales of building materials, supplies and equipment to owners, contractors, subcontractors or builders for the erection of buildings or the alteration, repair or improvement of real property are "retail sales" or "sales at retail" in whatever quantity sold and whether or not for purpose of resale in the form of real property or otherwise. A sale of carpeting, linoleum, or other similar floor covering which includes installation of the carpeting, linoleum, or other similar floor covering is a contract for the improvement of real property. Aircraft and parts for the repair thereof purchased by a nonprofit, incorporated flying club or association utilized solely by the corporation by leasing such aircraft to shareholders of the corporation shall not be considered property purchased for resale. The leasing of the aircraft to the shareholders by the flying club or association shall not be considered a sale notwithstanding subdivision 3 if the tax imposed by this chapter was paid on the initial purchase as provided by this subdivision.

Leasing of aircraft utilized by a lessee for the purpose of leasing to others, whether or not the lessee also utilizes the aircraft for flight instruction where no separate charge is made for aircraft rental or for charter service, shall be considered a purchase for resale; provided, however, that a proportionate share of the lease payment reflecting use for flight instruction or charter service is subject to tax pursuant to section 297A.14.

Sec. 3. Minnesota Statutes 1986, section 297A.01, subdivision 8, is amended to read:

Subd. 8. "Sales price" means the total consideration valued in money, for a retail sale whether paid in money or otherwise, excluding therefrom any amount allowed as credit for tangible personal property taken in trade for resale, without deduction for the cost of the property sold, cost of materials used, labor or service cost, interest, or discount allowed after the sale is consummated, the cost of transportation incurred prior to the time of sale, any amount

for which credit is given to the purchaser by the seller, or any other expense whatsoever. A deduction may be made for charges for services that are part of the sale, including charges up to 15 percent in lieu of tips, if the consideration for such charges is separately stated, but no deduction shall be allowed for charges for services that are part of a sale as defined in subdivision 3, clauses (b) to (f). A deduction may also be made for interest, financing, or carrying charges, charges for labor or services used in installing or applying the property sold or transportation charges if the transportation occurs after the retail sale of the property only if the consideration for such charges is separately stated. There shall not be included in "sales price" cash discounts allowed and taken on sales, or the amount refunded either in cash or in credit for property returned by purchasers or the amount of any tax (not including, however, any manufacturers' or importers' excise tax) imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

Sec. 4. Minnesota Statutes 1986, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" ~~shall include~~ includes

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or moving of sod, and certain machinery for dairy, livestock and poultry farms, together with;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery; and

(4) logging equipment, including chain saws used for logging only if the engine displacement equals or exceeds five cubic inches, shall be included in the definition of farm machinery.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 5. Minnesota Statutes 1986, section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES USE TAX.]

Subdivision 1. [IMPOSITION.] For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, a use tax is imposed on every person in this state at the rate of six percent of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price. Notwithstanding the provisions of the preceding sentence, the rate of the use tax imposed upon the sales price of sales of special tooling, and capital equipment is four percent and upon the sales price of sales of farm machinery is two percent.

Subd. 2. [MOTOR VEHICLES.] A motor vehicle subject to tax under this section shall be taxed at its fair market value at the time of transport into Minnesota if the motor vehicle was acquired more than three months prior to its transport into this state.

Sec. 6. Minnesota Statutes 1986, section 297A.18, is amended to read:

297A.18 [ADVERTISING NO TAX; MINIMUM TAX.]

It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the use tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that in computing the tax to be collected as the result of any transaction amounts of tax less than one-half of one cent may be disregarded and amounts of tax of one-half cent or more may be considered an additional cent.

It is unlawful for a person to broadcast or publish, or arrange to have broadcast or published, an advertisement in a publication or broadcast media, printed, distributed, broadcast, or intended to be received in this state, that states that no sales or use tax is due

under this chapter, when the person knows the advertisement is false.

Sec. 7. Minnesota Statutes 1986, section 297A.211, subdivision 2, is amended to read:

Subd. 2. (a) Such persons, when properly registered as retailers, may make purchases in this state, or import property into this state, without payment of the sales or use taxes imposed by this chapter at the time of purchase or importation, provided that such purchases or importations come within the provisions of this section and are made in strict compliance with the rules of the commissioner.

(b) Any person described in subdivision 1 may elect to pay directly to the commissioner any sales or use tax that may be due under this chapter for the acquisition of mobile transportation equipment and parts and accessories attached or to be attached to such equipment.

(c) The total cost of such equipment and parts and accessories attached or to be attached to such equipment shall be multiplied by a fraction, the numerator of which is the mileage operated during the past calendar year within the state of Minnesota and the denominator is the total mileage operated during the past calendar year. The amount so determined shall be multiplied by the tax rate to disclose the tax due.

(d) Each such retailer shall make a return and remit to the commissioner the tax due for the preceding calendar month in accordance with the provisions of sections 297A.26 and 297A.27.

#### Sec. 8. [297A.212] [RAILROAD ROLLING STOCK.]

Railroad rolling stock used by railroads operating in this state, which are licensed as common carriers by the Interstate Commerce Commission and parts thereof used to transport persons or property in interstate or foreign commerce are subject to the tax imposed by this chapter to the extent provided in this section. The basis of the tax is the ratio of intrastate mileage to interstate or foreign mileage traveled by the carrier during the previous fiscal year of the carrier, determined at the close of the carrier's fiscal year. The resulting ratio must be applied each month to the total purchases of the railroad which are used in this state to establish the portion used and consumed in intrastate movement and subject to tax under this chapter. "Railroad rolling stock" means all portable or moving apparatus and machinery of a railroad company and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars, and parts necessary for the repair and maintenance of the rolling stock.

Sec. 9. Minnesota Statutes 1986, section 297A.25, subdivision 7, is amended to read:



Subd. 7. [PETROLEUM PRODUCTS.] The gross receipts from the sale of and storage, use or consumption of the following petroleum products are exempt:

(1) products upon which a tax has been imposed and paid under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded and no refund has been or will be allowed because the buyer used the fuel for nonhighway use, or

(2) products which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures.

Sec. 10. Minnesota Statutes 1986, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state ~~and its agencies, instrumentalities, and political subdivisions of the state~~ are exempt. ~~Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f).~~ This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

Sec. 11. Minnesota Statutes 1986, section 297A.25, subdivision 12, is amended to read:

Subd. 12. [OCCASIONAL SALES.] The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale are exempt. ~~For purposes of this subdivision, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organiza-~~

tion are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this subdivision shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this subdivision, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual.

Sec. 12. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

Subd. 35. [FOOD STAMPS.] The gross receipts from the sale of tangible personal property purchased with food stamps, coupons, or vouchers issued by the federal government under the Food Stamp Program are exempt. This exemption also applies to food purchased under the Special Supplemental Food Program for Women, Infants, and Children. The exemption provided by this subdivision is effective and applies only to the extent required by federal law.

Sec. 13. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

Subd. 36. [INCOMING, INTERSTATE WATS LINES.] The gross receipts from the sale of long distance telephone services are exempt, if the service consists of a wide area telephone line that permits a long distance call to an individual or business located in Minnesota to be made from a location outside of Minnesota at no toll charge to the person placing the call.

Sec. 14. Minnesota Statutes 1986, section 297A.256, is amended to read:

297A.256 [EXEMPTIONS FOR CERTAIN NONPROFIT GROUPS.]

Notwithstanding the provisions of this chapter, the following sales made by a "nonprofit organization" are exempt from the sales and use tax.

(a) All sales made by an organization for fundraising purposes if that organization exists solely for the purpose of providing educational or social activities for young people primarily age 18 and

under. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(b) All sales made by an organization for fundraising purposes if that organization is a senior citizen group which qualifies for exemption on its purchases pursuant to section 297A.25, subdivision 16 or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes and no part of the net earnings inure to the benefit of any private shareholders. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(c) The gross receipts from the sales of tangible personal property at, admission charges for, and sales of food, meals, or drinks at fundraising events sponsored by a nonprofit organization when the entire proceeds, except for the necessary expenses therewith, will be used solely and exclusively for charitable, religious, or educational purposes. This exemption does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities. For purposes of this clause, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, senior citizens' or veterans' purposes, no part of the net earnings of which enures to the benefit of a private individual.

If the profits are not used solely and exclusively for charitable, religious, or educational purposes, the entire gross receipts are subject to tax.

Each nonprofit organization shall keep a separate accounting record, including receipts and disbursements from each fundraising event. All deductions from gross receipts must be documented with receipts and other records. If records are not maintained as required, the entire gross receipts are subject to tax.

The exemption provided by this section does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation.

The exemption for fundraising events under this section is limited to no more than 24 days a year. Fundraising events conducted on premises leased or occupied for more than four days but less than 30 days do not qualify for this exemption.

Sec. 15. Minnesota Statutes 1986, section 297A.43, is amended to read:

297A.43 [CONFIDENTIAL NATURE OF INFORMATION.]

It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars disclosed in any report or return required by sections 297A.01 to 297A.44, or any information concerning the affairs of the person making the return acquired from the person's records, officers, or employees while examining or auditing under the authority of sections 297A.01 to 297A.44, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making such report or return or to comply with the provisions of section 297A.431 or where a question arises as to the proper tax applicable, that is, sales or use tax. In the latter instance, the commissioner may furnish information to a buyer and a seller with respect to the specific transaction in question. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

The commissioner may enter into an agreement with the commissioner or other taxing officials of another state for the interpretation and administration of the acts of their several states providing for the collection of a sales and/or use tax for the purpose of promoting fair and equitable administration of such acts and to eliminate double taxation. The commissioner may furnish information to the tax administration agency of another state where necessary in the administration of the laws of that state if the other state provides similar rights of examination or information to this state and agrees to be subject to the confidentiality restrictions of this section.

Notwithstanding the above provisions of this section, the commissioner, in order to implement the purposes of this chapter, may furnish information on a reciprocal basis to the taxing officials of another state, or to the taxing officials of any municipality of the state of Minnesota which has a local sales and/or use tax. The commissioner may furnish to the Minnesota supreme court and the board of professional responsibility information regarding the amount of any uncontested delinquent taxes due under this chapter or a failure to file a return due under this chapter by an attorney admitted to practice law in this state under chapter 481.

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 will be administered by the vendor consistent with this section.

Sec. 16. Minnesota Statutes 1986, section 297B.01, subdivision 8, is amended to read:

Subd. 8. "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise, provided

however, that when a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under Laws 1971, chapter 853, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount expended for materials, labor and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle. The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between a husband and wife or parent and child, nor shall it include the transfer of a motor vehicle by a guardian to a ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor. ~~There shall not be included in "purchase price" the amount of any tax imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the consumer.~~

Sec. 17. Minnesota Statutes 1986, section 297B.031, is amended to read:

**297B.031 [REFUND OF TAX; MANDATORY REFUND OR REPLACEMENT LAWS.]**

If a manufacturer of motor vehicles is required by a court order under section 325F.665 or a decision of an informal dispute settlement mechanism as defined in section 325F.665, subdivision 3, to refund pay the consumer the tax imposed by this chapter, a portion of the tax so paid by the purchaser shall be refunded to the manufacturer. The amount of the refund shall be the tax paid by the purchaser less an amount equal to the tax paid multiplied by a fraction, the denominator of which is the purchase price of the vehicle and the numerator of which is the allowance deducted from the refund for the consumer's use of the vehicle. The refund shall be paid to the manufacturer only upon filing of a written application, in a form and providing information as prescribed by the commissioner. Payment of a refund pursuant to this section shall be made out of the general and highway user funds in the same proportion provided for deposit of tax proceeds for the fiscal year pursuant to section

297B.09, subdivision 1. The amounts necessary to pay the refunds are appropriated out of the respective funds.

Sec. 18. Minnesota Statutes 1986, section 325F.665, subdivision 3, is amended to read:

Subd. 3. [MANUFACTURER'S DUTY TO REFUND OR REPLACE.] (a) If the manufacturer, its agents, or its authorized dealers are unable to conform the new motor vehicle to any applicable express warranty by repairing or correcting any defect or condition which substantially impairs the use or market value of the motor vehicle to the consumer after a reasonable number of attempts, the manufacturer shall, at the consumer's option, either replace the new motor vehicle with a comparable motor vehicle or accept return of the vehicle from the consumer and refund to the consumer the full purchase price, or the total amount actually paid by the consumer under any vehicle lease, including the cost of any options or other modifications arranged, installed, or made by the manufacturer, its agent, or its authorized dealer within 30 days after the date of original delivery, and all other charges including, but not limited to, sales tax, license fees and registration fees, reimbursement for towing and rental vehicle expenses incurred by the consumer as a result of the vehicle being out of service for warranty repair, less a reasonable allowance for the consumer's use of the vehicle not exceeding ten cents per mile driven or ten percent of the purchase price or full lease cost of the vehicle, whichever is less. Refunds must be made to the consumer, and lienholder, if any, as their interests appear on the records of the registrar of motor vehicles. Refunds shall include the amount stated by the dealer as the trade-in value of a consumer's used motor vehicle, plus any additional amount paid by the consumer for the new motor vehicle. For a lease vehicle, refunds shall include the total amount actually paid by the consumer under any vehicle lease, less any finance charges paid by the consumer. A reasonable allowance for use is that amount directly attributable to use by the consumer and any previous consumer prior to the first report of the nonconformity to the manufacturer, agent, or dealer. It is an affirmative defense to any claim under this section (1) that an alleged nonconformity does not substantially impair the use or market value, or (2) that a nonconformity is the result of abuse, neglect, or unauthorized modifications or alterations of a motor vehicle by anyone other than the manufacturer, its agent or its authorized dealer.

(b) It is presumed that a reasonable number of attempts have been undertaken to conform a new motor vehicle to the applicable express warranties, if (1) the same nonconformity has been subject to repair four or more times by the manufacturer, its agents, or its authorized dealers within the express warranty term or during the period of one year following the date of original delivery of the motor vehicle to a consumer, whichever is the earlier date, but the nonconformity continues to exist, or (2) the vehicle is out of service by reason of

repair for a cumulative total of 30 or more business days during the term or during the period, whichever is the earlier date.

(c) If the nonconformity results in a complete failure of the braking or steering system of the new motor vehicle and is likely to cause death or serious bodily injury if the vehicle is driven, it is presumed that a reasonable number of attempts have been undertaken to conform the vehicle to the applicable express warranties if the nonconformity has been subject to repair at least once by the manufacturer, its agents, or its authorized dealers within the express warranty term or during the period of one year following the date of original delivery of the motor vehicle to a consumer, whichever is the earlier date, and the nonconformity continues to exist.

(d) The term of an express warranty, the one-year period and the 30-day period shall be extended by any period of time during which repair services are not available to the consumer because of a war, invasion, strike, or fire, flood, or other natural disaster.

(e) The presumption contained in paragraph (b) applies against a manufacturer only if the manufacturer, its agent, or its authorized dealer has received prior written notification from or on behalf of the consumer at least once and an opportunity to cure the defect alleged. If the notification is received by the manufacturer's agent or authorized dealer, the agent or dealer must forward it to the manufacturer by certified mail, return receipt requested.

(f) A consumer is eligible to receive a refund or replacement vehicle under this section if the nonconformity is reported to the manufacturer, its authorized agent or dealer, at any time during the motor vehicle's express warranty period, even if the motor vehicle's express warranty expires before the requirements of paragraphs (a), (b), and (c) have been met.

(g) 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 REPLACEMENT, 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."

(h) The amount of the sales tax to be paid by the manufacturer to the consumer under paragraph (a) shall be the tax paid by the consumer when the vehicle was purchased less an amount equal to the tax paid multiplied by a fraction, the denominator of which is the purchase price of the vehicle and the numerator of which is the

allowance deducted from the refund for the consumer's use of the vehicle.

Sec. 19. [REPEALER.]

Minnesota Statutes 1986, sections 270.89; 297A.25, subdivisions 13 and 19; and 360.654 are repealed.

Sec. 20. [EFFECTIVE DATE.]

Section 6 is effective June 1, 1987. Sections 1, clauses (i) and (j), and 12 are effective for sales made after September 30, 1987. The remainder of the article is effective for sales made after May 31, 1987, but the elimination of sales tax exemptions does not apply to sales of tangible personal property made pursuant to bona fide written contracts that were enforceable before June 1, 1987, and delivery is made on or before December 31, 1987.

ARTICLE 10

BUDGET AND CASH FLOW RESERVE

Section 1. Minnesota Statutes 1986, section 16A.15, subdivision 1, is amended to read:

Subdivision 1. [REDUCTION.] (a) If the commissioner determines that probable receipts for the general fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the commissioner shall, with the approval of the governor, and after consulting the legislative advisory commission, reduce the amount in the budget and cash flow reserve account established in subdivision 6 as needed to balance expenditures with revenue. An additional deficit shall, with the approval of the governor, and after consulting the legislative advisory commission, be made up by reducing allotments.

(b) An additional deficit shall, with the approval of the governor, and after consulting the legislative advisory commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the commissioner is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(c) If the commissioner determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the commissioner shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.



(e) (d) In reducing allotments, the commissioner may consider other sources of revenue available to recipients of state appropriations and may apply allotment reductions based on all sources of revenue available.

(d) (e) In like manner, the commissioner shall reduce allotments to an agency by the amount of any saving that can be made over previous spending plans through a reduction in prices or other cause.

Sec. 2. Minnesota Statutes 1986, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance on July 1, 1987, shall transfer to the budget and cash flow reserve account the amount necessary to bring the total amount, including any existing balance in the account on June 30, 1987, to \$250,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1.

Sec. 3. Minnesota Statutes 1986, section 16A.1541, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money in the following order of priority:

(1) pay the refund of occupation taxes under Laws 1985, First Special Session chapter 14, article 18, section 7;

(2) reduce property tax levy recognition percent under section 121.904, subdivision 4e; and

(3) increase the school aids payment current year percentage under section 121.904, subdivision 4d Beginning July 1, 1987, 75 percent of any forecasted increase in the unrestricted budgetary balance must be transferred to the budget and cash flow reserve account until the total amount in the budget reserve and cash flow account reaches \$550,000,000.

The amounts necessary to meet the requirements of clauses (1), (2), and (3) this section are appropriated from the general fund.

Sec. 4. Minnesota Statutes 1986, section 16A.275, is amended to read:

16A.275 [DAILY RECEIPTS DEPOSITED.]

Except as otherwise provided by law, an agency shall deposit receipts totaling \$250 or more in the state treasury daily. The depositing agency shall send a report to the commissioner on the disposition of receipts since the last report. The commissioner shall credit the deposits received during a month to the proper funds not later than the first day of the next month.

Notwithstanding the general rule stated above, the commissioner of revenue is not required to make daily deposits if (1) the volume of tax receipts cannot be processed daily with available resources, or (2) receipts cannot be immediately identified for posting to accounts.

Sec. 5. [REVENUE SHORTFALL; CONTINGENT TAX INCREASE]

(a) The commissioner of finance shall prepare a forecast of the state revenues and expenditures in November, 1988. If the forecast indicates that general fund receipts will be less than originally estimated and the amount of the budget and cash flow reserve account is estimated to be less than \$100,000,000 at the end of the 1988-1989 biennium, the income tax rates applicable to corporations, individuals, trusts, and estates under Minnesota Statutes, section 290.06, subdivisions 1, paragraph (b), and 2c, clauses (a)(3), (b)(3), and (c)(3) apply. The commissioner of finance shall notify the commissioner of revenue of the increased rates. The commissioner of revenue shall prepare forms for taxable years beginning after December 31, 1987, based on the contingent tax rates and shall prepare and distribute new withholding tables for payroll periods beginning after December 31, 1988.

(b) For taxable years beginning during calendar year 1988, no penalties or interest may be imposed on underpayments of estimated tax that result from an increase in tax rates imposed under this section.

Sec. 6. [REPEALER.]

Laws 1986, First Special Session chapter 1, article 5, section 8, is repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 1987.

## ARTICLE 11

### COMPLIANCE

Section 1. [270.052] [AGREEMENT WITH INTERNAL REVENUE SERVICE.]

Notwithstanding sections 290.61 and 290A.17, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department of revenue and liabilities owing to the Internal Revenue Service. In accordance with the procedures established in the agreement, the Internal Revenue Service may levy against the refunds to be paid.

Sec. 2. Minnesota Statutes 1986, section 270.066, is amended to read:

270.066 [COMMISSIONER TO REQUIRE SOCIAL SECURITY OR IDENTIFYING NUMBERS ON FORMS; FEE PAYABLE FOR ISSUANCE OF MINNESOTA TAX IDENTIFICATION NUMBER.]

Subdivision 1. [IDENTIFYING NUMBER FILED WITH FORMS.] Notwithstanding the provisions of any other law, the commissioner of revenue may require that a form required to be filed with the commissioner include the social security number, federal employer identification number, or Minnesota taxpayer identification number of the taxpayer or applicant.

Subd. 2. [FEE; REFUNDS.] An applicant for a Minnesota tax identification number must pay a fee of \$50 for each number requested. The fee must be paid when the application is filed with the commissioner or, if no application is filed, when a number is assigned by the commissioner. The fee, without interest, will be refunded to the applicant who has paid the fee and the identification number will be canceled upon the filing of a claim certifying that the applicant has ceased doing business. The claim for refund must be filed within one year from the date of the cessation of the business. The commissioner may credit the amount of a refund against any tax liability of the applicant.

Sec. 3. Minnesota Statutes 1986, section 270.10, subdivision 1, is amended to read:

Subdivision 1. [IN WRITING; APPROVAL BY ATTORNEY GENERAL.] All orders and decisions of the commissioner of revenue, or any subordinates, respecting any tax, assessment, or other obligation, shall be in writing, filed in the offices of the department. No

order or decision issued after June 30, 1983, increasing or decreasing any tax, assessment, or other obligation by a sum exceeding \$1,000 on real or personal property, or the assessed valuation thereof, or other obligation relating thereto, the result of which is to increase or decrease the total amount payable including penalties and interest, by a sum exceeding \$1,000, and no order or decision increasing or decreasing any other tax by a sum exceeding \$1,000 exclusive of penalties and interest, shall be made without the written signature or facsimile signature of the commissioner, a ~~deputy commissioner, assistant commissioner, division director, or acting division director~~ or the commissioner's delegate in each case. Written notice of every order granting a reduction, abatement, or refundment exceeding \$5,000 of any tax exclusive of penalties and interest, shall be given within five days to the attorney general. The attorney general shall forthwith examine such order, and if proper and legal, approve the same in writing; the attorney general may waive the right of appeal therefrom in behalf of the state or appeal from the order in behalf of the state as herein provided; but written approval of the commissioner or a ~~deputy commissioner~~ and written notice to the attorney general, shall not be required with respect to the following orders: (1) orders reducing assessed valuation of property by reason of its classification as a homestead; (2) orders not involving refunds which have the effect only of correcting income and franchise tax assessments to conform to the amounts shown on final returns filed as provided by section 290.42, clause (6); (3) original orders for the refundment of gasoline and special fuel taxes.

Sec. 4. [270.271] [TIMELY MAILING TREATED AS TIMELY FILING AND PAYING.]

Subdivision 1. [DATE OF DELIVERY.] When a document, including a return, claim, or statement, is required to be filed, or a payment is required to be made to the commissioner within a prescribed period, or on or before a prescribed date, and if the document or payment is delivered by United States mail after the period or the date to the place prescribed for filing or payment, then the date of the United States postmark stamped on the cover in which the document or payment is mailed shall be considered the date of delivery or of payment, as the case may be.

Subd. 2. [MAILING REQUIREMENTS.] Subdivision 1 applies only if:

(1) the postmark date falls within the prescribed period or on or before the prescribed date,

(i) for filing (including any extension granted for the filing) of the document, or

(ii) for making the payment (including any extension granted for making the payment); and

(2) the document or payment was within the time prescribed in clause (1), deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the office of the department of revenue with which the document is required to be filed or to which payment is required to be made.

Subd. 3. [UNITED STATES POSTAL SERVICE POSTMARK.] Only the postmark of the United States Postal Service, rather than those of private postage meters, qualifies as proof of timely mailing under this section. If the document or payment is sent by United States registered mail, the date of registration shall be treated as the postmark date. If the document or payment is sent by United States certified mail and the sender's receipt is postmarked by the postal employee to whom the envelope containing such document or payment is presented, the date of the United States postmark on the receipt shall be treated as the postmark date of the document or payment.

Subd. 4. [RECEIPT DATE OTHERWISE GOVERNS.] In any case in which the document or payment is not treated as timely filed or paid under this section, the date of receipt by the commissioner, and not the postmark date, shall govern for purposes of determining the amount of any penalties for late filing or payment.

Sec. 5. [270.651] [ERRONEOUS REFUND.]

An erroneous refund shall be considered an underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund. If any part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time. If the erroneous refund results from a mistake of the department, no interest or penalty will be imposed, unless the deficiency assessment is not satisfied within 60 days of the order.

Sec. 6. Minnesota Statutes 1986, section 270.72, subdivision 1, is amended to read:

Subdivision 1. [TAX CLEARANCE REQUIRED.] The state or a political subdivision of the state may not issue, transfer, or renew a license for the conduct of a profession, occupation, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes \$500 or more in delinquent taxes. A licensing authority that has received a notice from the commissioner may issue, transfer, or renew the applicant's license only if (a) the commissioner issues a tax clearance certificate and (b) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only

if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest.

Sec. 7. Minnesota Statutes 1986, section 270.72, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Taxes" are limited to withholding tax as provided in section 290.92, sales and use tax as provided in chapter 297A, and motor vehicle excise tax as provided in chapter 297B. Penalties and interest are limited to penalties and interest due on taxes included in this definition all taxes payable to the commissioner including penalties and interest due on the taxes.

(b) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) "Applicant" means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership. "Applicant" also means an officer of a corporation or, a member of a partnership, or an individual who is liable for the delinquent taxes pursuant to section 270.10, subdivision 4, either for the entity for which the license is at issue or for another entity for which the liability was incurred, or personally as a licensee. In the case of a license transfer, "applicant" also means both the transferor and the transferee of the license.

Sec. 8. Minnesota Statutes 1986, section 270.77, is amended to read:

270.77 [SUBSTANTIAL UNDERSTATEMENT OF LIABILITY.]

The commissioner of revenue shall impose a penalty for substantial understatement of any tax payable to the commissioner.

There must be added to the tax an amount equal to ~~ten~~ 25 percent of the amount of any underpayment attributable to the understatement. There is a substantial understatement of tax for the period if the amount of the understatement for the period exceeds the greater of: (1) ten percent of the tax required to be shown on the return for the period; or (2)(a) \$10,000 in the case of a corporation other than an S corporation as defined in section 290.9725 when the tax is imposed by chapter 290, or (b) \$5,000 in the case of any other

taxpayer, and in the case of a corporation any tax not imposed by chapter 290. The term "understatement" means the excess of the amount of the tax required to be shown on the return for the period, over the amount of the tax imposed which is shown on the return. The amount of the understatement shall be reduced by that portion of the understatement which is attributable to the tax treatment of any item by the taxpayer if there is or was substantial authority for the treatment, or any item with respect to which the relevant facts affecting the item's tax treatment are adequately disclosed in the return or in a statement attached to the return. The special rules in cases involving tax shelters provided in section 6661(b)(2)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1985, shall apply and shall apply to a tax shelter the principal purpose of which is the avoidance or evasion of state taxes. The commissioner may abate all or any part of the addition to the tax provided by this section on a showing by the taxpayer that there was reasonable cause for the understatement, or part of it, and that the taxpayer acted in good faith. The additional tax and penalty shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid.

Sec. 9. Minnesota Statutes 1986, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] ~~On or before December 15~~ Any claimant agency, seeking collection of a debt through set-off against a refund due ~~in the succeeding year~~, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3. ~~Subject to the notification deadline specified above~~ Where the notification is received before July 1, the notification shall be effective only to initiate set-off for claims against refunds that would be made in the same calendar year subsequent to the year in which notification is made to the commissioner. Where the notification is received on or after July 1, the notification is effective only to begin set-off for claims against refunds that would be made in the next calendar year.

The claimant agency shall submit to the commissioner the amount of \$3 per certification. The payment must accompany the certification. The claimant agency shall increase the amount of each debt certified by \$3 and this total amount is subject to recapture. If the total debt is not recaptured by the commissioner, the \$3 addition to the debt may be collected by the claimant agency from the debtor and must be considered an obligation of the debtor. The \$3 will not be refunded if the recapture is not accomplished.

Sec. 10. Minnesota Statutes 1986, section 290.53, subdivision 1, is amended to read:

Subdivision 1. [FAILURE TO PAY TAX.] If any tax imposed by this chapter is not paid within the time herein specified for the

payment thereof, or within 30 days after final determination of an appeal to the tax court relating thereto if the taxpayer is not required to pay the amount in dispute pending appeal under section 290.531, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid to the amount required to be shown as tax a penalty of three percent of the amount of tax not paid on or before the date prescribed for payment of the tax if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding 24 percent in the aggregate. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. Interest accruing upon the tax due as disclosed by the return or upon the amount determined as a deficiency from the date prescribed for the payment of the tax (if the tax is payable in installments, from the date the installment or installments become due and payable under the provisions of section 290.45, subdivision 1) shall be added to the tax and be collected as a part thereof. Where an extension of time for payment has been granted under section 290.45, subdivision 2, interest shall be paid at the rate specified in section 270.75 from the date when such payment should have been made if no extension had been granted, until such tax is paid. If payment is not made at the expiration of the extended period the penalties provided in this section shall apply.

Sec. 11. Minnesota Statutes 1986, section 290.53, is amended by adding a subdivision to read:

Subd. 1a. [APPLICABILITY TO CORPORATIONS.] In the case of a corporation, the penalty under subdivision 1 does not apply when:

(1) the corporation fulfills the requirements of section 290.42, paragraph (6), relating to a seven-month extension for filing the regularly required return and the filing of a tentative return;

(2) the amount of tax, determined without regard to any prepayment of tax, shown on the tentative return, or the amount of tax paid on or before the regular due date of the return, is at least 90 percent of the amount shown on the corporation's regularly required return;

(3) any balance due shown on the regularly required return is paid on or before the due date of the return, including any extensions of time for filing; and

(4) interest on any balance due is paid at the rate specified in section 270.75 from the regular due date of the return until the tax is paid.



Sec. 12. Minnesota Statutes 1986, section 290.53, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO MAKE AND FILE RETURN.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, there shall be added to the tax or subtracted from the refund in lieu of the penalty provided in subdivision 1: ten three percent of the amount of tax unpaid not paid on or before the date prescribed for payment of the tax if the failure is for not more than 30 days with an additional five percent for of the amount of tax remaining unpaid during each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 23 percent in the aggregate; or ten percent of the amount of the refund claimed if the failure is for more than 60 but less than 90 days (determined with regard to any extensions of time for filing), with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate.

In addition to the penalty imposed above, in the case of a failure to file a return of tax imposed by this chapter within 60 days of the date prescribed for filing of the return (determined with regard to any extensions of time for filing), there shall be added to the tax or subtracted from the refund the lesser of (i) \$100 or (ii) 100 percent of either the amount of tax which is due or the amount of the refund.

The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For the purposes of this subdivision the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 13. Minnesota Statutes 1986, section 290.53, is amended by adding a subdivision to read:

Subd. 2a. [COMBINED PENALTIES.] Where penalties are imposed under subdivisions 1 and 2 of this section, the penalties imposed under both subdivisions combined shall not exceed 38 percent in the aggregate.

Sec. 14. Minnesota Statutes 1986, section 290.53, subdivision 3a, is amended to read:

Subd. 3a. [INTENTIONAL DISREGARD OF LAW OR RULES.] If any part of any underpayment resulting from an additional assessment is due to negligence or intentional disregard of the provisions of this chapter or rules of the commissioner of revenue (but without intent to defraud), there shall be added to the tax an amount equal to five ten percent of such additional assessment. The penalty imposed by this subdivision shall be collected as part of the tax and shall be in addition to any other penalties provided by this chapter. 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.

Sec. 15. Minnesota Statutes 1986, section 290.53, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE, FILING FALSE OR FRAUDULENT RETURN; INTENT TO EVADE TAX; CRIMINAL PROVISIONS.] In addition to any other penalties prescribed, (a) any person required by this chapter to make a return, who knowingly fails to make it at the time required by law, is guilty of a gross misdemeanor; (b) any person who willfully makes and subscribes any return, statement, or other document knowing it to be false as to any material matter is guilty of a felony; (c) any person who willfully attempts in any manner to evade or defeat any tax imposed by this chapter is guilty of a felony; and (d) any person who willfully fails to pay the tax at the time required by law, with the intent to evade or defeat the tax, is guilty of a gross misdemeanor unless the tax involved exceeds \$300, in which event the person is guilty of a felony. 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, or a complaint filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense. The term "person" as used in this subdivision includes any officer or employee of a corporation or a member or employee of a partnership who as an officer, member or employee is under a duty to perform the act in respect to which the violation occurs.

Sec. 16. Minnesota Statutes 1986, section 290.56, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO REPORT CHANGE OR CORRECTION OF FEDERAL RETURN.] If a taxpayer ~~shall fail~~ fails to report a change or correction or renegotiation by the Commissioner of Internal Revenue or other officer of the United States or other competent authority or ~~shall fail~~ fails to file a copy of an amended return ~~within 90 days~~ as required by subdivision 2, the commissioner may, within six years ~~thereafter~~ after the report should have been filed, recompute the tax, including a ~~refundment thereof~~ refund, based upon ~~such~~ information as may be available to the

commissioner, notwithstanding any period of limitations to the contrary.

If a taxpayer reports the change, correction, or renegotiation, or files the amended return after the 90-day period required by subdivision 2 has expired, the time limit for the commissioner to recompute and reassess the tax due under this chapter, including making a refund, is the time limit provided in subdivision 4 determined from the date the report or amended return was filed with the commissioner.

Sec. 17. Minnesota Statutes 1986, section 290.56, subdivision 4, is amended to read:

Subd. 4. [REPORT MADE OF CHANGE OR CORRECTION OF FEDERAL RETURN.] If a taxpayer is required to report a change or correction or renegotiation by the Commissioner of Internal Revenue or other officer of the United States or other competent authority or to file an amended return as required by subdivision 2 and does report such the change or files a copy of such the amended return within 90 days, the commissioner may recompute and reassess the tax due under this chapter, including a refundment thereof (a) within one year after such the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary or (b) within the period set forth in section 290.49, whichever period is greater. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any other law to the contrary.

Sec. 18. Minnesota Statutes 1986, section 290.92, subdivision 15, is amended to read:

Subd. 15. [PENALTIES; FAILURE TO PAY TAX.] (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~~ three 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~~ three percent for each additional 30 days or fraction thereof during which the failure continues, not exceeding ~~25~~ 24 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.

(1a) In the case of a failure to make and file quarterly returns with the commissioner as required by this section, there shall be added to the tax a penalty equal to three percent of the amount of tax not 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 of the amount of tax remaining unpaid during each additional 30 days or fraction thereof during which the failure continues, not exceeding 23 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.

(1b) Where penalties are imposed under paragraphs (1) and (1a) of this subdivision, the combined penalty percentage shall not exceed 38 percent in the aggregate.

(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, 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 failing to withhold the tax, file the return, or make the payment or deposit, or (ii) willfully preparing or filing a false return, is guilty of a gross misdemeanor unless the tax involved exceeds \$300, in which event the person 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 an 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 an 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 the actor 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, or a complaint filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 19. Minnesota Statutes 1986, section 290.92, subdivision 24, is amended to read:

Subd. 24. [APPLICATION FOR ACCOUNT NUMBER.] An employer desiring to engage in business in Minnesota shall file with the commissioner an application for a withholding account number on or before the due date of the first payment required to be made under the provisions of subdivision 6. An application for an account number shall be made upon a form prescribed by the commissioner and shall set forth the name of the employer, the location of the place or places of business, the names, addresses and social security numbers of the owners or partners, or if the employer is a corporation of the officers, or if the employer is a trust of the trustees, and such other information as the commissioner may require. The application shall be filed by the owner if the employer is a natural person; by a member or partner if the employer is an association or partnership; by a trustee if the employer be a trust, or by a person authorized to sign the application if the employer is a corporation.

~~No fee shall be charged for the application.~~

The account number is not assignable.

An employer who fails to file an application for a withholding account number shall be liable to the commissioner for a penalty of \$100. The penalty shall be collected in the same manner as delinquent withholding tax is collected. The commissioner may abate this penalty.

Sec. 20. Minnesota Statutes 1986, section 290A.11, subdivision 2, is amended to read:

Subd. 2. [FRAUDULENT CLAIM; PENALTY.] In any case in which it is determined that the claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full. If the claim has been paid, the amount disallowed shall be recovered by assessment and collection in the manner provided in chapter 290 for collection of income tax. The assessment shall bear interest from the date the claim is paid by the state until the date of repayment by the claimant, at the rate specified in section 270.75.

Any person who knowingly prepares, assists in preparing, or files a false or excessive claim or claims with the intent of defrauding the state of Minnesota, is guilty of an offense and may be sentenced as follows:

(1) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000; or both, if the amount of the claim or claims, aggregated within any 12-month period, exceeds \$2,500; or

(2) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000; or both, if the amount of the claim or claims, aggregated within any 12-month period, is more than \$300, but not more than \$2,500; or

(3) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000; or both, if the amount of the claim or claims does not exceed \$300.

Notwithstanding the provisions of section 628.26, or any other provisions of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 21. Minnesota Statutes 1986, section 291.131, subdivision 1, is amended to read:

Subdivision 1. [FAILURE TO PAY TAX.] If any tax imposed by this chapter is not paid within the time specified for payment, or within 30 days after final determination of an appeal to the appropriate judicial forum, a penalty equal to ~~ten~~ three percent of the unpaid tax shall be added to the tax if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof during which the failure continues, not exceeding 24 percent in the aggregate.

Sec. 22. Minnesota Statutes 1986, section 291.131, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO MAKE AND FILE RETURN.] In case of any failure to make and file a return within the time prescribed or an extension thereof, ~~unless it is shown that such failure is due to reasonable cause, a penalty of ten~~ three percent of the amount of tax not paid on or before the date prescribed for payment of the tax shall be added to the tax if the failure is for not more than 30 days with an additional five percent for of the amount of tax remaining unpaid during each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 ~~23~~ percent in the aggregate. ~~This penalty shall be in lieu of the penalty provided in subdivision 1.~~

Sec. 23. Minnesota Statutes 1986, section 291.131, is amended by adding a subdivision to read:

Subd. 2a. [COMBINED PENALTIES.] Where penalties are imposed under subdivisions 1 and 2, the penalties imposed under both subdivisions combined shall not exceed 38 percent in the aggregate.

Sec. 24. Minnesota Statutes 1986, section 291.131, subdivision 4, is amended to read:

Subd. 4. In addition to the penalties hereinbefore described, any person who knowingly fails to file a return at the time required by this chapter shall be guilty of a misdemeanor, unless no taxes are due. Any person who willfully files a false return with intent to evade such taxes shall be guilty of a gross misdemeanor. The term "person" includes any officer or employee of a corporation or a member or employee of a partnership who as such officer, member or employee is under a duty to perform the act in respect to which the violation occurs.

Notwithstanding section 628.26, or any other criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon a criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 25. Minnesota Statutes 1986, section 296.18, subdivision 7, is amended to read:

Subd. 7. [AVIATION GASOLINE TAX REFUND CLAIMS, CRIMINAL PENALTY.] In addition to the penalty prescribed in subdivision 6, any person who willfully makes a false claim for any refund provided for in subdivision 4 shall be guilty of a felony. The term "person," as used in this subdivision, includes any officer or employee of a corporation or a member or employee of a partnership who, as such officer, member, or employee, is under a duty to perform the act in respect to which the violation occurs.



Notwithstanding section 628.26, or any other criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon a criminal offense specified in this subdivision, in the proper courts within six years after the commission of the offense.

Sec. 26. Minnesota Statutes 1986, section 297A.151, is amended to read:

297A.151 [TAX ON LIQUOR AND BEER; DELINQUENCY.]

Subdivision 1. [POSTING, NOTICE.] Notwithstanding ~~section sections~~ sections 290.61 and 297A.43, the commissioner shall, by the 15th of each month, submit to the commissioner of public safety a list of all ~~permit holders taxpayers~~ who are required to withhold or collect the tax imposed by ~~section sections~~ sections 290.92 or 297A.02, subdivision 3, and who are 30 days or more delinquent in either filing a sales tax return or paying the sales tax. At least ten days before notifying the commissioner of public safety, the commissioner of revenue shall notify the ~~permit holder taxpayer~~ of the intended action.

The commissioner of public safety shall post the list in the same manner as provided in section 340A.318, subdivision 3. The list will prominently show the date of posting. If a ~~permit holder taxpayer~~ previously listed cures the delinquency by filing all returns and paying all taxes, the commissioner shall notify the commissioner of public safety within two business days that the delinquency was cured.

Subd. 2. [SALES PROHIBITED.] Beginning the third business day after the list is posted, no wholesaler, manufacturer, or brewer may sell or deliver any product to a ~~permit holder taxpayer~~ included on the posted list.

Subd. 3. [PENALTY.] A wholesaler, manufacturer, or brewer of intoxicating liquor or nonintoxicating malt liquor who violates subdivision 2 is subject to the penalties provided in section 340A.304.

Sec. 27. Minnesota Statutes 1986, section 297A.26, subdivision 1, is amended to read:

Subdivision 1. The taxes imposed by sections 297A.01 to 297A.44 shall be due and payable to the commissioner monthly on or before the ~~25th~~ 20th day of the month next succeeding the month in which the taxable event occurred or succeeding such other reporting period as the commissioner may prescribe.

Sec. 28. Minnesota Statutes 1986, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. Except as provided in section 297A.275, on or before the ~~25th~~ 20th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for willfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such rules as the commissioner may prescribe.

Sec. 29. Minnesota Statutes 1986, section 297A.275, is amended to read:

297A.275 [ACCELERATED PAYMENT OF JUNE LIABILITY.]

Every vendor having a liability of \$1,500 or more in May ~~1982~~ 1988 or in May of each subsequent year, shall remit the June liability in the manner required by this section.

On or before June ~~25~~ 20, ~~1982~~ 1988, or June ~~25~~ 20 of each subsequent year, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before August ~~25~~ 20, ~~1982~~ 1988, or August ~~25~~ 20 of each subsequent year, the vendor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.

Sec. 30. Minnesota Statutes 1986, section 297A.39, subdivision 1, is amended to read:

Subdivision 1. [FAILURE TO PAY.] If any tax imposed by sections 297A.01 to 297A.44, or any portion thereof, is not paid within the time herein specified for the payment, or an extension thereof, or within 30 days after final determination of an appeal to the tax court relating thereto if the taxpayer is not required to pay the amount in dispute pending appeal under section 297A.391, there shall be added thereto a ~~specific~~ penalty equal to ~~ten~~ three percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding 24 percent in the aggregate.

Sec. 31. Minnesota Statutes 1986, section 297A.39, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO FILE RETURNS.] In case of any failure to make and file a return within the time prescribed by sections 297A.01 to 297A.44 or an extension thereof, there shall be added to the tax ~~in lieu of the ten percent specific penalty provided in subdivision 1~~ ten three percent of the amount of tax not paid on or before the date prescribed for payment of the tax if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 23 percent in the aggregate. If the penalty as computed does not exceed \$10, a minimum penalty of \$10 shall be assessed. The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

Sec. 32. Minnesota Statutes 1986, section 297A.39, is amended by adding a subdivision to read:

Subd. 2a. [COMBINED PENALTIES.] Where penalties are imposed under subdivisions 1 and 2, the penalties imposed under both subdivisions combined shall not exceed 38 percent in the aggregate.

Sec. 33. Minnesota Statutes 1986, section 297A.39, subdivision 4, is amended to read:

Subd. 4. [PENALTIES; FAILURE TO FILE OR PAY.] In addition to any other penalties prescribed, any person who willfully fails to make a return or willfully makes a false return or willfully fails to pay over taxes imposed by this chapter collected for or on behalf of the state, or attempts in any manner to evade or defeat the taxes imposed by this chapter is guilty of a gross misdemeanor unless the amount of the tax involved exceeds \$300, in which event the person is guilty of a felony. The term "person" as used in this subdivision includes any officer or employee of a corporation or a member or employee of a partnership who as an officer, member or employee is under a duty to perform the act in respect to which the violation occurs. 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, or a complaint filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 34. Minnesota Statutes 1986, section 297B.10, is amended to read:

## 297B.10 [PENALTIES.]

(1) Any person, including persons other than the purchaser, who prepares, completes or submits a false or fraudulent motor vehicle purchaser's certificate with intent to defeat or evade the tax imposed under this chapter or any purchaser who fails to complete or submit a motor vehicle purchaser's certificate with intent to defeat or evade the tax or who attempts to defeat or evade the tax in any manner, is guilty of a gross misdemeanor unless the tax involved exceeds \$300, in which event the person is guilty of a felony. The term "person" as used in this section includes any officer or employee of a corporation or a member or employee of a partnership who as an officer, member or employee is under a duty to perform the act with respect to which the violation occurs. 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, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of the offense.

(2) Any person who violates any of the provisions of this chapter, unless the violation be of the type referred to in clause (1), is guilty of a misdemeanor and shall be punished by a fine of not less than \$50 nor more than \$100 or by imprisonment in the county jail for not less than 30 days, or both.

Sec. 35. Minnesota Statutes 1986, section 297D.02, is amended to read:

## 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. Dealers are not required to give their name, address, social security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

Sec. 36. Minnesota Statutes 1986, section 297D.07, is amended to read:

## 297D.07 [MEASUREMENT.]

For the purpose of calculating the tax under section 297D.08, an ounce a gram of marijuana or other controlled substance is measured by the weight of the substance in the dealer's possession. The weight of the marijuana or controlled substance includes all material, compound, mixture, or preparation that is added to the marijuana or controlled substance.

Sec. 37. Minnesota Statutes 1986, section 297D.09, is amended to read:

~~297D.09 [FAILURE TO FILE, FILING FALSE OR FRAUDULENT RETURN; INTENT TO EVADE TAX PENALTIES; CRIMINAL PROVISIONS.]~~

Subdivision 1. ~~[PENALTIES PENALTY.]~~ Any dealer violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 297D.08. The penalty will be collected as part of the tax.

Subd. 1a. ~~[CRIMINAL PENALTY; SALE WITHOUT AFFIXED STAMPS.]~~ 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, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.

Sec. 38. Minnesota Statutes 1986, section 297D.10, is amended to read:

~~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 commissioner. 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. 39. Minnesota Statutes 1986, section 297D.12, subdivision 1, is amended to read:

Subdivision 1. ~~[ASSESSMENT PROCEDURE.]~~ An assessment for a dealer not possessing valid 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 and applicable penalties 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 and penalty; demand its immediate payment; and, if payment is not immediately made, collect the tax

and penalty 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.

Sec. 40. Minnesota Statutes 1986, section 297D.13, is amended to read:

297D.13 [CONFIDENTIAL NATURE OF INFORMATION.]

Subdivision 1. [DISCLOSURE PROHIBITED.] Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter, or any information obtained from a dealer; nor can any information contained in such a report or return or obtained from a dealer 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 dealer making the return.

Subd. 2. [PENALTY FOR DISCLOSURE.] Any person violating this section is guilty of a gross misdemeanor.

Subd. 3. [STATISTICS.] This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of dealers or the contents of particular returns or reports.

Sec. 41. [INSTRUCTIONS TO REVISOR.]

The revisor of statutes shall renumber section 297A.151 of Minnesota Statutes as section 270.73. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

The revisor of statutes shall renumber section 290.53, subdivision 3, of Minnesota Statutes as section 290.53, subdivision 3a; and section 290.53, subdivision 3a, of Minnesota Statutes as section 290.53, subdivision 3. The revisor shall correct any internal references or cross references accordingly.

Sec. 42. [REPEALER.]

(a) Minnesota Statutes 1986, section 270.75, subdivision 8, is repealed.

(b) Minnesota Statutes 1986, section 297A.26, subdivision 3, is repealed.

Sec. 43. [EFFECTIVE DATE.]

Sections 1, 3, 5, 6, 7, 15, 16, 17, 20, 24, 25, 26, 33, 34, 35, 36, 39, 40, subdivision 1, and 41 are effective the day after final enactment. Section 2, subdivision 1, is effective the day after final enactment. Section 2, subdivision 2, is effective for all applications for, or assignment of, identification numbers after June 30, 1987. Section 4 is effective for returns or payments due after December 31, 1987. Section 8 is effective for returns filed after June 30, 1987. Section 9 is effective for notifications received after June 30, 1987. Sections 10, 13, and 14 are effective for taxable years beginning after December 31, 1986. Section 11 is effective for taxable years beginning after December 31, 1985. Section 12 is effective for taxable years beginning after December 31, 1986, except the language in the first and second paragraphs relating to penalties where the return is filed more than 60 days late is effective as follows: the stricken language in the first paragraph of section 12 relating to delinquent filed refund returns is effective the day following final enactment; and the stricken second paragraph of section 12 is effective for taxable years beginning after December 31, 1985. Section 18 is effective for returns and payments becoming due after December 31, 1987, except that clause (12) is effective the day after final enactment. Section 19 is effective for applications received after June 30, 1987. Sections 21, 22, and 23 are effective for estates of decedents dying after June 30, 1987. Sections 27 to 32 and 42, paragraph (b), are effective for taxes and returns becoming due after December 31, 1987. Sections 37, 38, and 42, paragraph (a), are effective July 1, 1987.

## ARTICLE 12

### BOND ALLOCATION

Section 1. Minnesota Statutes 1986, section 474A.02, subdivision 1, is amended to read:

Subdivision 1. [TERMS DEFINED.] For the purposes of sections 474A.01 1 to 474A.21 40, the terms defined in this section shall have the following meanings: given them.

Sec. 2. Minnesota Statutes 1986, section 474A.02, subdivision 2, is amended to read:

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.

Sec. 3. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 2a. [BONDING AUTHORITY.] "Bonding authority" means all or a portion of the annual volume cap.

Sec. 4. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 2b. [CARRYFORWARD.] “Carryforward” means the ability to issue obligations in a year subsequent to the year in which an allocation of bonding authority was obtained under sections 1 to 40 as provided in section 146(f) of federal tax law.

Sec. 5. Minnesota Statutes 1986, section 474A.02, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATE OF ALLOCATION.] “Certificate of allocation” means a certificate provided to an issuer by the department under section 474A.13, subdivision 1.

Sec. 6. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 5a. [COMMISSIONER.] “Commissioner” means the commissioner of energy and economic development.

Sec. 7. Minnesota Statutes 1986, section 474A.02, subdivisions 6, is amended to read:

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 474A.01 to 474A.21.

Sec. 8. Minnesota Statutes 1986, section 474A.02, subdivision 7, is amended to read:

Subd. 7. [ENTITLEMENT ISSUER.] “Entitlement issuer” means an issuer to which an allocation is made under ~~section 474A.04, 474A.08, or 474A.09~~ section 23, subdivision 2a; and section 41, subdivision 1, clause (a), and subdivision 2.

Sec. 9. Minnesota Statutes 1986, section 474A.02, subdivision 8, is amended to read:

Subd. 8. [EXISTING FEDERAL TAX LAW.] “Existing Federal tax law” means those provisions of the Internal Revenue Code of 1954 1986, 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 excluded from gross income for purposes of federal income taxation.



Sec. 10. Minnesota Statutes 1986, section 474A.02, subdivision 12, is amended to read:

Subd. 12. [ISSUER.] "Issuer" means any entitlement issuer, state issuer, or other issuer.

Sec. 11. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 13a. [MANUFACTURING POOL.] "Manufacturing pool" means the amount of the annual volume cap allocated under section 27, that is available for the issuance of small issue bonds to finance manufacturing projects.

Sec. 12. Minnesota Statutes 1986, section 474A.02, subdivision 14, is amended to read:

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 any facility which is used in the manufacturing or production of tangible personal property, including the processing resulting in a change in the condition of the property.~~

Sec. 13. Minnesota Statutes 1986, section 474A.02, subdivision 16, is amended to read:

Subd. 16. [MULTIFAMILY HOUSING PROJECT POOL.] "Multi-family housing project pool" 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 the amount of the annual volume cap allocated under section 27, which is available for the issuance of residential rental project bonds.

Sec. 14. Minnesota Statutes 1986, section 474A.02, subdivision 18, is amended to read:

Subd. 18. [NOTICE OF ENTITLEMENT ALLOCATION.] "Notice of entitlement allocation" means a notice provided to an entitlement issuer under section ~~474A.04, subdivision 5, or 474A.08~~ 474.04, subdivision ~~2~~ 5.

Sec. 15. Minnesota Statutes 1986, section 474A.02, subdivision 19, is amended to read:

Subd. 19. [OTHER ISSUER.] "Other issuer" means ~~any an~~ an entity other than an entitlement issuer or state issuer which may issue obligations subject to an annual volume cap, including ~~but not limited to~~ the University of Minnesota, ~~any a~~ a 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 a body authorized to exercise the powers of a housing and redevelopment authority, any a port authority referred to in chapter 458, or any a body authorized to exercise the powers of a port authority, any an economic development authority referred to in chapter 458C, an area or municipal redevelopment agency referred to in chapter 472, any a county, or any other municipal authority or agency established pursuant to under special law, or any an~~ an entity issuing on behalf of the foregoing.

Sec. 16. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 20a. [PERMANENTLY ISSUED.] Obligations are "permanently issued" if either (1) the obligations have been issued under terms and conditions such that the proceeds are available for the purpose for which they were issued, or (2) ten percent of the proceeds of the obligations, excluding costs of issuance, have been disbursed for the purpose for which they were issued.

Sec. 17. Minnesota Statutes 1986, section 474A.02, subdivision 21, is amended to read:

Subd. 21. [PRELIMINARY RESOLUTION.] "Preliminary resolution" means a resolution adopted by the governing body or board 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 disclose the proposed amount of the obligations qualified bonds to be issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify a specific project.

Sec. 18. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 22a. [PUBLIC FACILITIES POOL.] “Public facilities pool” means the amount of the annual volume cap allocated under section 27, which is available for the issuance of public facility bonds or student loan bonds.

Sec. 19. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 23a. [QUALIFIED BONDS.] “Qualified bonds” means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) “public facility bonds” means “exempt facility bonds” as defined in federal tax law, except for residential rental project bonds, which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities;

(b) “residential rental project bonds” which are those obligations issued to finance qualified residential rental projects;

(c) “mortgage bonds”;

(d) “small issue bonds” issued to finance manufacturing projects;

(e) “student loan bonds”;

(f) “redevelopment bonds”; and

(g) “governmental bonds” with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law.

Sec. 20. Minnesota Statutes 1986, section 474A.02, subdivision 26, is amended to read:

Subd. 26. [STATE ISSUER.] “State issuer” means the state of Minnesota; the commissioner of iron range resources and rehabilitation board; or other agency, department, board, or commission of the state, which that is authorized to issue obligations and has statewide jurisdiction.

Sec. 21. Minnesota Statutes 1986, section 474A.02, is amended by adding a subdivision to read:

Subd. 26a. [UNIFIED POOL.] “Unified pool” means the amount of the annual volume cap allocated under section 29 that is available for the issuance of qualified bonds.

Sec. 22. Minnesota Statutes 1986, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW; POOL ALLOCATIONS.] At the beginning of each calendar year after December 31, 1987, the department commissioner 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 commissioner shall determine make the following amounts allocation:

(1) the amount that is allocated to entitlement issuers under section 474A.04 \$74,000,000 to the manufacturing pool;

(2) the amount initially available for allocation through the pool under section 474A.05, which is the annual volume cap determined under this subdivision less the amount determined under clause (1) \$30,000,000 to the multifamily housing pool; and

(3) the amount available for issuance of qualified mortgage bonds under section 474A.07 \$21,000,000 to the public facilities pool; and

(4) amounts to be allocated as provided in section 23, subdivision 2a.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 23. Minnesota Statutes 1986, section 474A.03, is amended by adding a subdivision to read:

Subd. 2a. [ENTITLEMENT ISSUER ALLOCATION.] (a) The commissioner shall make the following allocation to the Minnesota housing finance agency and the following cities:

(1) \$50,000,000 per year to the Minnesota housing finance agency, less any amount received in the previous year under section 29, subdivision 6;

(2) \$20,000,000 per year to the city of Minneapolis;

(3) \$15,000,000 per year to the city of Saint Paul; and

(4) \$3,000,000 to each of the cities of the first class located outside of the metropolitan area as defined in section 473.121, subdivision 2, or an amount equal to the amount of mortgage bonds or residential rental project bonds that each city permanently issued in the

previous calendar year, whichever amount is less. If a city is eligible to receive an entitlement allocation under this clause, the amount of the allocation is deducted from the allocations made under clauses (1), (2), and (3) in proportion to the total amount of allocations made in clauses (1), (2), and (3).

(b) Allocations provided under this subdivision must be used for mortgage bonds, mortgage credit certificates, or residential rental project bonds, except that entitlement cities may also use their allocations for public facility bonds.

Sec. 24. Minnesota Statutes 1986, section 474A.04, is amended by adding a subdivision to read:

Subd. 1a. [ENTITLEMENT RESERVATIONS; CARRYFORWARD; DEDUCTION.] An entitlement issuer may retain any unused portion of its entitlement allocation after the first Monday in September if it has submitted to the department before the first Monday in September a letter stating its intent to issue obligations pursuant to its entitlement allocation before the end of the calendar year or within the time permitted under federal tax law. Except as provided in section 41, subdivision 2, paragraph (a), any amount returned by an entitlement issuer before the last Monday in October shall be reallocated through the multifamily housing pool. Any amount returned on or after the last Monday in October shall be reallocated under section 29. Beginning with entitlement allocations received in 1987 under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraphs (2) and (3), there shall be deducted from an entitlement issuer's allocation for the subsequent year an amount equal to the entitlement allocation under which bonds are either not issued or carried forward under federal tax law. Except for the Minnesota housing finance agency, any amount of bonding authority that an entitlement issuer carries forward under federal tax law that is not permanently issued by the end of the succeeding calendar year shall be deducted from the entitlement allocation for that entitlement issuer for the next succeeding calendar year. Any amount deducted from an entitlement issuer's allocation under this subdivision shall be divided equally for allocation through the manufacturing pool and the multifamily housing pool.

Sec. 25. Minnesota Statutes 1986, section 474A.04, subdivision 5, is amended to read:

Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department commissioner shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.

Sec. 26. Minnesota Statutes 1986, section 474A.04, subdivision 6, is amended to read:

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 issuancee bonding authority allocated to the original entitlement issuer under this section.

Sec. 27. [474A.061] [ALLOCATION OF MANUFACTURING, MULTIFAMILY HOUSING, AND PUBLIC FACILITIES POOLS.]

Subdivision 1. [APPLICATION.] An issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter, (3) the type of qualified bonds to be issued, and (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in August, or in the amount of two percent of the requested allocation on or after the last Monday in August. An entitlement issuer may not apply for an allocation from the multifamily housing pool or from the public facilities pool unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

Subd. 2. [ALLOCATION PROCEDURE.] From the beginning of the calendar year until the last Monday in October, the commissioner shall allocate available bonding authority under this section on Monday of each week to applications received on or before the Monday of the preceding week.

(a) If there are two or more applications for residential rental project bonds from the multifamily housing pool and there is insufficient bonding authority to provide allocations for all projects in any one week after all eligible bonding authority has been transferred as provided in section 28, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(b) If there are two or more applications for manufacturing projects from the manufacturing pool and there is insufficient bonding authority to provide allocations for all projects in any one week after all eligible bonding authority has been transferred as provided in section 28, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(c) If there are two or more applications for public facility bonds from the public facilities pool and there is insufficient bonding authority to provide allocations for all projects in any one week, the

available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

If an application is rejected, the commissioner 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. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Subd. 3. [ADDITIONAL DEPOSIT.] An issuer which has received an allocation under this section may retain any unused portion of the allocation after the first Monday in September only if the issuer has submitted to the department before the first Monday in September 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 federal tax law and a deposit in addition to that provided under subdivision 1, equal to one percent of the amount of allocation to be retained.

Subd. 4. [RETURN OF ALLOCATION; DEPOSIT REFUND.] (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section by the end of the current year or within the time period permitted by federal tax law, the issuer must notify the department. If the issuer notifies the department prior to the last Monday in October, the amount of allocation returned must be reallocated through the pool from which it was originally allocated. If the issuer notifies the department on or after the last Monday in October, the amount of allocation returned must be reallocated through the unified pool.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this section shall receive within 30 days a refund of its application deposit equal to:

(1) one-half of the amount on deposit for the amount of bonding authority returned before the first Monday in December;

(2) one-fourth of the amount on deposit for the amount of bonding authority returned on or after the first Monday in December and before the third Monday in December; and

(3) one-eighth of the amount on deposit for the amount of bonding authority returned on or after the third Monday in December and before the last Monday in December.

No refund shall be available for allocations returned on or after the last Monday in December.

Subd. 5. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] The higher education coordinating board must receive an allocation of bonding authority at the beginning of the calendar year from the public facilities pool of an amount up to \$20,000,000 per year, less any amount carried forward from the previous year for the issuance of student loan bonds. The amount of any allocation received under this subdivision, when added to the allocation received under section 29, subdivision 6, in the previous year, must not exceed \$20,000,000. The higher education coordinating board shall be treated as an entitlement issuer under section 474A.04, subdivision 1a.

Subd. 6. [DEADLINE FOR ISSUANCE OF SMALL ISSUE BONDS.] If an issuer fails to notify the department before the last Monday in December of issuance of obligations pursuant to an allocation received for a manufacturing project, the allocation is canceled and the bonding authority is allocated to the department of finance for reallocation under section 29, subdivision 6.

Sec. 28. [474A.081] [POOL TRANSFERS.]

Subdivision 1. [AUTHORITY TO TRANSFER BONDING AUTHORITY.] If there is insufficient bonding authority in either the manufacturing pool or the multifamily housing pool to provide allocations for applications received in any one week, additional bonding authority for small issue bonds and residential rental project bonds may be obtained under this section.

Subd. 2. [TRANSFER LIMITS.] No transfer of bonding authority may be made from any pool for qualified bonds not eligible to receive allocations from that pool (i) prior to June 30, or (ii) if, on June 30, allocations of bonding authority have been made from that pool equal to or exceeding 50 percent of the annual volume cap originally allocated to that pool. For 1987, the amount considered originally allocated to each of the pools shall be \$80,000,000 for the manufacturing pool and \$60,000,000 for the multifamily housing pool.

Subd. 3. [TRANSFER FROM MINNESOTA HOUSING FINANCE AGENCY ALLOCATION.] If there is insufficient bonding authority to provide allocations for all applications for residential rental projects in any one week from the multifamily housing pool, up to \$15,000,000 per year must be transferred to the multifamily housing pool from the Minnesota housing finance agency's entitlement allocation. This deduction must be made prior to transferring bonding authority to the multifamily housing pool as provided in subdivision 4.

Subd. 4. [POOL TRANSFERS.] If there is insufficient bonding authority to provide allocations for all small issue bonds or residential rental project bonds in any one week, applications for small issue bonds may receive bonding authority from the multifamily



housing pool or applications for residential rental project bonds may receive bonding authority from the manufacturing pool, except as provided in subdivision 2. If bonding authority is transferred from one pool to the other pool, applications for small issue bonds must receive priority for allocations from the manufacturing pool, and applications for residential rental project bonds must receive priority for allocations from the multifamily housing pool.

Sec. 29. [474A.091] [ALLOCATION OF UNIFIED POOL.]

Subdivision 1. [UNIFIED POOL AMOUNT.] On the day after the last Monday in October any bonding authority remaining unallocated from the manufacturing pool, the multifamily housing pool, and the public facilities pool is transferred to the unified pool and must be reallocated as provided in this section.

Subd. 2. [APPLICATION.] An issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter, (3) the type of qualified bonds to be issued, and (4) an application deposit in the amount of two percent of the requested allocation. An entitlement issuer may not apply for an allocation for public facility bonds, residential rental project bonds, or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

Subd. 3. [ALLOCATION PROCEDURE.] The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in November through and on the last Monday in December. Applications for allocations must be received by the department by the Monday preceding the Monday on which allocations are to be made. Allocations shall be awarded in the following order of priority:

- (1) applications for small issue bonds;
- (2) applications for residential rental project bonds;
- (3) applications for public facility bonds;
- (4) applications for redevelopment bonds;
- (5) applications for mortgage bonds; and

(6) applications for governmental bonds.

Allocations for mortgage bonds from the unified pool may not exceed:

- (a) \$10,000,000 for any one city;
- (b) \$20,000,000 for any number of cities in any one county; or
- (c) 40 percent of the amount initially allocated to the unified pool.

An allocation for mortgage bonds may be used for mortgage credit certificates.

If there is insufficient bonding authority to fund all projects within any qualified bond category, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers. If an application is rejected, the commissioner 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. The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Subd. 4. [MORTGAGE BOND SUNSET.] If federal tax law is not amended to permit the issuance of tax-exempt mortgage bonds after December 31, 1988, all remaining bonding authority available for allocation under this section on December 1, 1988, is allocated to the Minnesota housing finance agency, of which at least 50 percent must be reallocated to cities for the issuance of mortgage bonds. If an issuer that receives an allocation for mortgage bonds under this subdivision fails to notify the department of energy and economic development before the last Monday in December of issuance of obligations pursuant to all or a portion of the allocation, any remaining allocation pursuant to which obligations have not been issued is canceled and the bonding authority is allocated to the department of finance for reallocation under section 29, subdivision 6.

Subd. 5. [RETURN OF ALLOCATION; DEPOSIT REFUND.] (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section by the end of the current year or within the time period permitted by federal tax law, the issuer must notify the department. If the issuer notifies the department prior to the last Monday in December, the amount of allocation returned must be reallocated through the unified pool.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this section shall receive within 30 days a refund of its application deposit equal to:

(1) one-half of the amount on deposit for the amount of bonding authority returned before the first Monday in December;

(2) one-fourth of the amount on deposit for the amount of bonding authority returned on or after the first Monday in December and before the third Monday in December; and

(3) one-eighth of the amount on deposit for the amount of bonding authority returned on or after the third Monday in December and before the last Monday in December.

No refund of the application deposit shall be available for allocations returned on or after the last Monday in December.

Subd. 6. [FINAL ALLOCATION; CARRYFORWARD.] \$20,000,000 or any bonding authority remaining unallocated from the unified pool after the last Monday in December, whichever is less, is allocated to the higher education coordinating board. Any bonding authority remaining after the deduction for the higher education coordinating board allocation is allocated to the department of finance for reallocation for qualified bonds eligible to be carried forward under federal tax law.

Sec. 30. Minnesota Statutes 1986, section 474A.13, subdivision 1, is amended to read:

Subdivision 1. [ISSUANCE OF CERTIFICATE OF ALLOCATION.] The department shall issue a certificate of allocation for any allocation granted under section 474A.11 sections 27 and 29, except as provided in subdivision 4 section 31.

Sec. 31. Minnesota Statutes 1986, section 474A.13, subdivision 4, is amended to read:

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) tax law for the amount of the allocation requested, when the amount requested added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 474A.11; and (iii) entitlement authority allocated pursuant to section 474A.08 and not returned pursuant to section 474A.10, subdivision 3, for reallocation would cause the governmental annual 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.

Sec. 32. Minnesota Statutes 1986, section 474A.13, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of allocation are not transferable. An issuer that receives an allocation of issuance bonding authority pursuant to sections 474A.01 1 to 474A.21 40 to finance a project within the boundaries of the issuer may allow another issuer to issue obligations pursuant to the issuance authority allocation received only if the boundaries of the other issuer are coterminous with the boundaries of the issuer that received the authority allocation.

Sec. 33. [474A.131] [NOTICE OF ISSUE AND NOTICE OF CARRYFORWARD.]

Subdivision 1. [NOTICE OF ISSUE.] Each issuer that issues bonds with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

- (1) the date of issuance of the bonds;
- (2) the title of the issue;
- (3) the principal amount of the bonds;
- (4) the type of qualified bonds under federal tax law; and
- (5) the dollar amount of the bonds issued that were subject to the annual volume cap.

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 this law or under federal tax law. Within 30 days after receipt of a notice of issue the department shall refund a portion of the

application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made.

Subd. 2. [CARRYFORWARD NOTICE.] If an issuer intends to carry forward an allocation received under this chapter it must notify the department before the last Monday of December. If the notice of carryforward is not provided within the time required, one-quarter of the amount of the deposit eligible for refund upon filing of the notice of issue under this section is forfeited.

Sec. 34. Minnesota Statutes 1986, section 474A.14, is amended to read:

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~~ bonding authority, if any, available for allocation pursuant to sections ~~474A.05, 474A.11, 27 and 474A.12~~ 29.

Sec. 35. Minnesota Statutes 1986, section 474A.15, is amended to read:

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 ~~474A.01 1 to 474A.21~~ 40.

Sec. 36. Minnesota Statutes 1986, section 474A.16, is amended to read:

474A.16 [EXCLUSIVE METHOD OF ALLOCATION.]

Sections ~~474A.01 1 to 474A.21~~ 40 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. 37. Minnesota Statutes 1986, section 474A.17, is amended to read:

474A.17 [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]

Minnesota Statutes, chapter 14, shall not apply to actions taken by any state agency, or entity, or the governor under sections ~~474A.01 1 to 474A.21 40~~.

Sec. 38. Minnesota Statutes 1986, section 474A.18, is amended to read:

474A.18 [~~PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT TAX LAW.~~]

Sections ~~474A.01 1 to 474A.21~~ prospectively 40 override and replace the method of allocating the authority to issue obligations among uses and among issuers as provided in a section 146 of federal volume limitation act tax law to the extent allowed by a federal volume limitation act tax law.

Sec. 39. Minnesota Statutes 1986, section 474A.20, is amended to read:

474A.20 [STATE CERTIFICATION.]

The commissioner of the department is designated as the state official to provide any preissuance or postissuance certification required by a federal volume limitation act tax law.

Sec. 40. Minnesota Statutes 1986, section 474A.21, is amended to read:

474A.21 [APPROPRIATION; RECEIPTS.]

Any fees collected by the department under sections ~~474A.01 1 to 474A.21 40~~ 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. 41. [ALLOCATION FOR REMAINDER OF 1987.]

Subdivision 1. [MINNESOTA HOUSING FINANCE AGENCY AND POOL ALLOCATION.] For the purposes of this section, the terms defined in sections 1 to 21 have the meanings given them in sections 1 to 21. The commissioner shall allocate the annual volume cap for the remainder of 1987 on the day following final enactment as follows:

(a) \$60,000,000 is allocated to the Minnesota housing finance agency less any amount that was allocated to the Minnesota housing finance agency from the department of finance in 1987 under Minnesota Statutes 1986, section 474A.09. This amount is available only for the issuance of mortgage bonds or residential rental project bonds.

(b) \$80,000,000 is allocated to the manufacturing pool, less the sum of (1) the amount of allocations for small issue bonds made from and not returned to the pool established under Minnesota Statutes 1986, section 474A.11, and (2) any amount that was allocated for small issue bonds by the department of finance in 1987 under Minnesota Statutes 1986, section 474A.09. Any allocations that were made for small issue bonds under Minnesota Statutes 1986, sections 474A.09 and 474A.11, returned on or subsequent to the date of enactment must be made available for reallocation through the manufacturing pool.

(c) \$60,000,000 is allocated to the multifamily housing pool, less the amount of allocations for residential rental project bonds made from and not returned to the pool established under Minnesota Statutes 1986, section 474A.11. Any allocations that were made for residential project bonds under Minnesota Statutes 1986, section 474A.11, returned on or subsequent to the date of enactment must be made available for reallocation through the multifamily housing pool.

(d) \$31,190,380 is allocated to the public facilities pool, less the amount of allocations for public facility bonds made from and not returned to the pool established under Minnesota Statutes 1986, section 474A.11. Any allocations that were made for public facility bonds under Minnesota Statutes 1986, section 474A.11, returned on or subsequent to the date of enactment must be made available for reallocation through the public facilities pool. Applications from the Minnesota public facilities authority must receive priority for allocations from the public facilities pool in any given week.

If the amount of bonding authority allocated under subdivision 3 when added to the allocation for public facility bonds made from and not returned to the pool under Minnesota Statutes, section 474A.11 exceeds \$31,190,380, the excess must be deducted from the allocation under paragraph (c) and be allocated to the public facilities pool.

Subd. 2. [1987 ENTITLEMENT CITY ALLOCATIONS.] (a) Cities that received entitlement allocations under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraph (2), may retain those allocations for issuance of mortgage bonds, residential rental project bonds, or public facility bonds. These allocations shall be treated as entitlement allocations for the purpose of section 24 and any allocations returned must be reallocated through the manufacturing pool. If there is insufficient bonding authority in the manufacturing pool to provide allocations to all eligible projects on any Monday prior to the last Monday in October 1987, after all eligible bonding authority has been transferred to the manufacturing pool as provided in section 28, additional bonding authority must be transferred to the manufacturing pool for allocation on the subsequent Monday from the entitlement city allocations as provided in this subdivision. Each city must transfer bonding authority to the

manufacturing pool from its remaining bonding authority in an amount equal to the percentage of the allocation that the city received under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraph (2), in relation to the total amount of allocations made under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraph (2), multiplied by the amount necessary to provide allocations to all manufacturing projects on the subsequent Monday. No city is required to transfer more bonding authority under this subdivision than the amount of the city's allocation under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraph (2). For any week that a city transfers bonding authority to the manufacturing pool, that city shall receive a priority for allocations from the manufacturing pool up to the amount of bonding authority transferred by that city.

(b) Cities that received entitlement allocations under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraph (3), may retain those allocations for issuance of mortgage bonds, residential rental project bonds, or public facility bonds. These allocations shall be treated as entitlement allocations for the purpose of section 24 and any allocation returned must be reallocated through the multifamily housing pool.

(c) Cities that received entitlement allocations under Minnesota Statutes 1986, section 474A.08, subdivision 1, paragraph (5), may retain those allocations for issuance of mortgage bonds, residential rental project bonds, or public facility bonds. These allocations must be treated as entitlement allocations for the purpose of section 24 and any allocations returned must be reallocated through the multifamily housing pool.

Subd. 3. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] The higher education coordinating board shall receive an allocation from the public facilities pool of an amount up to \$20,000,000 less the sum of (1) the amount carried forward from 1986, and (2) any amount allocated to it under Minnesota Statutes 1986, section 474A.09. The higher education coordinating board shall be treated as an entitlement issuer under section 24.

Subd. 4. [APPLICATION OF OTHER LAW.] The provisions of sections 32, 35, 36, 37, 38 and 40 apply to the allocations made under this section.

#### Sec. 42. [ALLOCATION VALIDATION.]

All allocations made under Minnesota Statutes 1986, chapter 474A are validated and shall be governed by the provisions of sections 1 to 41.

#### Sec. 43. [REPEALER.]



Minnesota Statutes 1986, sections 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19 are repealed.

Laws 1981, chapter 222, section 6; and chapter 223, section 6, subdivision 3, are repealed.

Sec. 44. [EFFECTIVE DATE.]

Sections 1 to 43 are effective the day following final enactment.

## ARTICLE 13

### MISCELLANEOUS AND SPECIAL TAXES

Section 1. Minnesota Statutes 1986, section 239.10, is amended to read:

#### 239.10 [ANNUAL INSPECTION.]

The department shall charge a fee to the owner for the costs of the regular inspection of scales, weights, measures, and weighing or measuring devices. The cost of any other inspection must be paid by the owner if the inspection is performed at the owner's request or if the inspection is made at the request of some other person and the scale, weight, measure, or weighing or measuring device is found to be incorrect. The department may fix the fees and expenses for regular inspections and special services by rule pursuant to section 16A.128, except that no additional fee may be charged for retail petroleum pumps, petroleum vehicle meters, and petroleum bulk meters that dispense petroleum products for which the petroleum inspection fee required by section ~~296.13~~ 4 is collected. Money collected by the department for its regular inspections, special services, fees, and penalties must be paid into the state treasury and credited to the state general fund.

#### Sec. 2. [239.75] [INSPECTION OF PETROLEUM PRODUCTS.]

Subdivision 1. [INSPECTION TO BE MADE.] The department of public service shall make inspection of petroleum products wherever processed, held, stored, or offered for sale or used, and shall secure samples periodically from importations in their original containers to determine their specifications when tested by the methods of the American Society for Testing Materials. Upon the request of the department of public service, a person holding, storing, offering for sale, or using petroleum products shall permit the department of public service to take for testing free samples, not to exceed 32

ounces each, of the products when necessary for the purposes of this chapter. The department of public service shall test samples of petroleum products received and submitted by any licensed distributor and shall inform the distributor of the results of the tests.

Subd. 2. [WHEN NOT MEETING SPECIFICATIONS.] A record of the inspection shall be made. Any material not meeting the specifications under section 3 shall be sealed in the container from which the sample was secured or placed in separate storage under seal until a method of its disposition has been approved by the department of public service.

Subd. 3. [CALIBRATION OR GAUGE CHARTS.] A person holding petroleum products in storage tanks for sale or for use as special fuel shall maintain a calibration or gauge chart for each tank.

Subd. 4. [ENTRY UPON PREMISES.] The department of public service may enter into or upon the premises of a distributor, bulk purchaser, or dealer of petroleum products to inspect the receptacles in which the products are stored. A distributor, bulk purchaser, or dealer shall keep the receptacles free from impurities. If the receptacles are found to contain impurities, they must be sealed until a method of disposition of the material has been approved by the department of public service.

Sec. 3. [239.76] [SPECIFICATIONS OF PETROLEUM PRODUCTS.]

Subdivision 1. [GASOLINE.] No gasoline shall be sold for use in motor vehicles unless it is free from water, suspended matter, and impurities, and it conforms to the requirements in section 296.01, subdivision 3.

Subd. 2. [FUEL OIL; DIESEL FUEL; KEROSENE.] No fuel oil, diesel fuel, or kerosene shall be sold unless it conforms to section 296.01, subdivision 4, 4a, or 4b.

Subd. 3. [TESTS, HOW MADE.] Tests must be made by the weights and measures division of the department of public service in accordance with the methods outlined in the American Society for Testing Materials specifications numbered D-396, D-439, D-910, D-975, and D-3699.

Subd. 4. [RESULTS OF TEST SUPPLIED BY SHIPPER TO DISTRIBUTOR.] Upon request of a licensed distributor, the shipper shall, at the time of shipment, supply the licensed distributor with the results of tests of the petroleum product shipped to the distributor at destination in Minnesota.

Subd. 5. [AVIATION GASOLINE.] No aviation gasoline shall be received, sold, stored, or withdrawn from storage in this state unless it conforms to the specifications set forth in American Society for Testing Materials specification number D-910.

Subd. 6. [SALES OF CERTAIN PETROLEUM PRODUCTS ON GROSS VOLUME BASIS.] The sale of gasoline, number one and number two diesel oils, and number one and number two fuel oils and kerosene from a supplier's terminal rack through retail on any other basis than gross volume is prohibited.

Subd. 7. [ALCOHOL-BLENDED FUELS; DISCLOSURE.] A manufacturer, hauler, blender, agent, jobber, consignment agent, importer, or distributor who distributes gasoline containing alcohol shall state on an invoice, bill of lading, shipping paper, or other documentation used in normal and customary business practices, the percentages by volume and the types, if more than one percent, of alcohols contained in the gasoline; except if the gasoline is distributed to the ultimate consumer, such as a bulk delivery to a farmer, only the types of alcohol must be disclosed. In determining compliance with this subdivision, the weights and measures division of the department of public service shall allow a one percent tolerance above or below the percentage stated on the documentation.

#### Sec. 4. [239.78] [INSPECTION FEES.]

An inspection fee shall be charged on petroleum products when received by the distributor, and on petroleum products received and held for sale or use by any person when the petroleum products have not previously been received by a licensed distributor. The department shall adjust the inspection fee to recover the amount appropriated for petroleum product quality inspection expenses and the amount appropriated for the inspection and testing of petroleum product measuring devices as required by chapter 239. The department shall review and adjust the inspection fee as required by section 16A.128, except the review of the fee shall occur annually on or before January 1.

The commissioner of revenue shall credit the distributor for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report in a manner approved by the department. The commissioner of revenue is authorized to collect the inspection fees along with any taxes due under chapter 296.

#### Sec. 5. [239.79] [PETROLEUM PRODUCTS; REQUIREMENTS.]

Subdivision 1. [PRICES POSTED.] A gasoline pump in this state shall have the total sales price per gallon posted on the pump in a conspicuous manner.

Subd. 2. [GASOLINE-ALCOHOL BLENDS; IDENTIFICATION.] When gasoline blended with alcohol is sold, offered for sale, or dispensed for use in motor vehicles, the dispenser must be clearly marked to identify the type of alcohol, if more than one percent by volume, blended with the gasoline. The marking must consist of a white or yellow adhesive decal at least two inches by six inches with clearly printed black lettering at least one-half inch high and one-eighth inch in stroke. The marking must be conspicuously displayed on both sides of the dispenser and state that the gasoline "CONTAINS ETHANOL" or "CONTAINS METHANOL" or has been "ETHANOL ENRICHED." This subdivision does not prohibit the posting of other alcohol or additive information.

Sec. 6. [239.80] [VIOLATIONS; PENALTIES.]

Subdivision 1. [VIOLATIONS; ACTIONS OF DEPARTMENT.] The department, or any of its employees, shall condemn, seize, or destroy any petroleum products processed, held, stored, offered for sale, or used in violation of section 239.10, 239.76, 239.78, or 239.79. Storage tanks containing the petroleum products, and pumps attached to the storage tanks, must be marked in a manner to be prescribed by the department indicating a violation of this chapter. This marking must remain on the tank or pump and prevent sale or use of product contained in it until the petroleum product conforms with sections 239.10, 239.76, 239.78, and 239.79.

Subd. 2. [PENALTY.] Any person who fails to comply with any provision of section 239.10, 239.76, 239.78, or 239.79 is guilty of a misdemeanor.

Sec. 7. [270.058] [AUTHORITY TO PAY LOCAL TAXES; APPROPRIATION.]

The commissioner may pay to any local government unit, any locally imposed sales taxes that may be assessed against the department of revenue. There is appropriated to the commissioner of revenue from the general fund, the amount needed to make the payments.

Sec. 8. Minnesota Statutes 1986, section 270.074, subdivision 3, is amended to read:

Subd. 3. The flight property of every airline company shall be assessed at  $33\frac{1}{3}$  70 percent of the value thereof apportioned to this state under subdivision 1, except that quiet aircraft shall be assessed at 40 percent of the value determined under subdivision 1. Quiet aircraft includes turbo-props and aircraft defined as stage III by the federal aeronautics administration. The commissioner may adopt rules qualifying other aircraft as quiet aircraft.

Sec. 9. Minnesota Statutes 1986, section 270.075, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall determine the rate of tax to be levied and collected against the assessed valuation as determined pursuant to section 270.074, subdivision 2, ~~which shall be the average rate of taxes, general, municipal, and local, levied throughout the state for the preceding year. The levy shall be completed on or before the first Monday in October of each year to generate revenues of \$6,719,000 from taxes levied in assessment year 1987 and payable in 1988 and revenues of \$7,122,000 from taxes levied in 1988 and payable in 1989. Thereafter the legislature shall annually establish the amount of revenue to be generated from a tax on~~ airflight property.

Sec. 10. Minnesota Statutes 1986, section 270.10, subdivision 4, is amended to read:

Subd. 4. [ORDERS ASSESSING PERSONAL LIABILITY.] The commissioner may, based upon information available to the commissioner and within the prescribed period of limitations for assessing the underlying tax, assess personal liability against any officer, director, or employee of a corporation, or a member or employee of a partnership, who as an officer, director, employee, or member, falls within the personal liability provisions of section 290.92, chapter 296, ~~or 297, 297A, 297C, or sections 349.212 and 349.2121~~, for taxes arising thereunder which are due and owing by that corporation or partnership. An order assessing personal liability under this subdivision shall be appealable to the tax court without payment of the tax, penalty, or interest in the manner provided by law, but an appeal shall not preclude the commissioner from exercising any collection action the commissioner deems necessary to preserve the interests of the state while the matter is pending.

Sec. 11. Minnesota Statutes 1986, section 287.05, subdivision 1, is amended to read:

Subdivision 1. A tax of ~~15~~ 20 cents is imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property situated within the state executed, delivered, and recorded or registered; provided, however, that the tax shall be imposed but once upon any mortgage and extension thereof. If the mortgage describes real estate situated outside of this state, the tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described situated in this state bears to the value of the whole of the real estate described therein. The tax imposed by this section shall not apply to a contract for the conveyance of real estate or any interest in real estate recorded or registered on or after January 1, 1984.

Sec. 12. Minnesota Statutes 1986, section 287.12, is amended to read:

287.12 [TAXES, HOW APPORTIONED.]

All taxes paid to the county treasurer under the provisions of sections 287.01 to 287.12 shall be credited to the county revenue fund.

On or before the tenth day of each month the county treasurer shall determine the receipts from the mortgage registration tax during the preceding month.

The treasurer shall report to the county welfare agency on or before the tenth day of each month ~~95~~ 85 percent of the receipts attributable to the statutory rate in section 287.05. That amount, in addition to ~~97~~ 85 percent of the amount determined under section 287.29, must be shown as a deduction from the report filed with the department of human services as required by section 256.82. The net receipts from the preceding month must be credited to the county welfare fund by the tenth day of each month.

Sec. 13. Minnesota Statutes 1986, section 287.21, subdivision 1, is amended to read:

Subdivision 1. There is hereby imposed on each deed, instrument, or writing by which any lands, tenements, or other realty in this state shall be granted, assigned, transferred or otherwise conveyed, a tax determined in the following manner. When transfers are made by instruments pursuant to mergers, consolidations, sales or transfers of substantially all of the assets of corporations pursuant to plans of reorganization or there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is ~~\$1,000~~ \$500 or less, the tax shall be ~~\$2.20~~ \$1.55. When the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds ~~\$1,000~~ \$500, the tax shall be ~~\$2.20~~ \$1.55 plus ~~\$1.10~~ \$1.55 for each additional \$500 or fractional part of \$500 in excess of \$1,000 fraction of that amount.

The tax applies against the total consideration, including consideration for any personal property transferred as part of the total consideration, but excluding the value of any lien or encumbrance remaining on the property at the time of sale.

Sec. 14. Minnesota Statutes 1986, section 287.22, is amended to read:

287.22 [EXCEPTIONS.]

The tax imposed by section 287.21 shall not apply to:

A. Any executory contract for the sale of land under which the vendee is entitled to or does take possession thereof, or any assignment or cancellation thereof.

B. Any mortgage or any assignment, extension, partial release, or satisfaction thereof.

C. Any will.

D. Any plat.

E. Any lease.

F. Any deed, instrument, or writing in which the United States or any agency or instrumentality thereof or the state of Minnesota or any agency, instrumentality, or governmental or political subdivision thereof is the grantor, assignor, transferor, or conveyor; and any deed, instrument or writing in which any of such unit of government is the grantee, or assignee.

G. Deeds for cemetery lots.

H. Deeds of distribution by personal representatives.

I. Deeds to or from coowners partitioning undivided interests in the same piece of property.

Sec. 15. Minnesota Statutes 1986, section 287.25, is amended to read:

287.25 [PAYMENT OF TAX; STAMPS.]

The county board shall determine the method for collection of the tax imposed by section 287.21:

(1) The tax imposed by section 287.21 may be paid by the affixing of a documentary stamp or stamps in the amount of the tax to the document or instrument with respect to which the tax is paid, provided that the county board may permit the payment of the tax without the affixing of the documentary stamps and in such cases shall direct the treasurer to endorse a receipt for such tax upon the face of the document or instrument.

(2) The tax imposed by section 287.21 may be paid in the manner prescribed by section 287.08 relating to payment of mortgage registration tax. The treasurer may endorse receipt on the deed. The receipt must be recorded with the deed. The receipt is conclusive proof that the tax has been paid and authorizes a county recorder to

record the deed. Its form, in substance, shall be "deed tax of ..... dollars paid." If the deeds are exempt from taxation, the endorsement shall be "exempt from deed tax," to be signed by the treasurer. If the treasurer cannot determine whether a claim of exemption should be allowed, the tax shall be paid to the court administrator of the district court of the county to abide the order of the court made upon motion of the county attorney, or of the claimant upon notice as required by the court. If the deed covers real property in more than one county in this state, the entire tax shall be paid to the treasurer of the county where the deed is first presented for record or registration, and the payment shall be received as provided in this section. The tax shall be divided and paid over by the county treasurer receiving it, on or before the tenth day of the month after its receipt, to the county or counties entitled to it in the ratio that the market value of the real property covered by the deed in each county bears to the market value of all the property described in the deed. In making the division and payment, the county treasurer shall send with it a statement giving the description of the property described in the deed and the market value of the part in each county. The treasurer of a county may require the treasurer of any other county to certify the market valuation of any tract of land in the deed.

Sec. 16. Minnesota Statutes 1986, section 287.29, subdivision 1, is amended to read:

Subdivision 1. On or before the tenth day of each month, the county treasurer shall determine and report to the county welfare agency the receipts attributable to the tax imposed during the preceding month. The report must accompany the report required in section 287.12. The receipts shall be deposited in the county treasury and credited to the county revenue fund. The treasurer shall report to the county welfare agency, on or before the tenth day of each month, 85 percent of the receipts attributable to statutory rate in section 287.21. The amount must be shown as a deduction from the report filed with the department of human services as required by section 256.82. The net receipts from the preceding month must be credited to the county welfare fund by the tenth day of each month. The treasurer shall report to the department of finance, on or before the tenth day of each month, the amount of receipts under this chapter for both the mortgage registry and deed taxes during the preceding month.

Sec. 17. [294.022] [PAYMENT OF TAX PENDING APPEAL.]

When a taxpayer appeals any liability assessed under this chapter to the tax court, and the amount in dispute is more than \$6,000, the entire amount of the tax, penalty, and interest assessed by the commissioner shall be paid when it is due unless permission to continue prosecution of the petition without payment is obtained as provided in this section. The petitioner, upon ten days notice to the



commissioner, may apply to the court for permission to continue prosecution of the petition without payment, and, if it is made to appear:

(1) that the proposed review is to be taken in good faith;

(2) that there is probable cause to believe that the taxpayer may be held exempt from payment of the liability or that the liability may be determined to be less than 50 percent of the amount due; and

(3) that it would work a substantial hardship upon petitioner to pay the liability, the court may permit the petitioner to continue prosecution of the petition without payment or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and the proceedings under it unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 18. Minnesota Statutes 1986, section 295.01, subdivision 10, is amended to read:

Subd. 10. [TELEPHONE COMPANY.] The term "telephone company" as used in this chapter means any person, firm, association or corporation, excluding municipal telephone companies, owning or operating any telephone line or telephone exchange for hire wholly or partly within this state, including radio and other advancements in the art of telephony but excluding cellular radio, including sellers of telephone services but excluding resellers. "Resellers of telephone services" as used in this chapter means any person, firm, association, or corporation that:

(1) Resells telecommunications services purchased from telephone companies as defined in this chapter,

(2) Does not own, operate, manage, or control transmission facilities that have the technological capability to provide telecommunication services, and

(3) Incurs costs equal to at least 50 percent of its gross revenues for the telephone services purchased from telephone companies that own, operate, manage or control transmission facilities.

Sec. 19. Minnesota Statutes 1986, section 295.32, is amended to read:

295.32 [GROSS EARNINGS TAX; ANNUAL RETURN.]

Every telegraph company as defined in section 295.01, subdivision 9, shall file a return with the commissioner of revenue, in such form as the commissioner shall prescribe, containing a true and just report of its gross earnings derived from business within the state during the preceding calendar year, which return shall contain a computation of tax of six percent and make payment of the tax based upon the following percentages of such gross earnings:

for calendar years beginning before December 31, 1989, 6 percent,

for calendar year 1990, 4.5 percent,

for calendar year 1991, 3 percent,

for calendar year 1992, 1.5 percent, and

for calendar years beginning after December 31, 1992, exempt.

Such return and payment of the tax due therewith shall be submitted on or before March first of each year, and shall be in lieu of all ad valorem taxes upon the property of such company within the state for the year during which such gross earnings accrued. The provisions of chapter 294 and acts amendatory thereto, shall be applicable to such telegraph companies and to the returns and to the taxes submitted therewith by them.

Sec. 20. Minnesota Statutes 1986, section 295.34, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 2 every telephone company shall file a return with the commissioner of revenue on or before April 15 of each year, and submit payment therewith, of the following percentages of its gross earnings, including long distance access charges, of the preceding calendar year derived from business within this state:

(a) for gross earnings from service to rural subscribers and from exchange business of all cities of the fourth class and statutory cities having a population of 10,000 or less

for calendar years beginning before December 31, ~~1986~~ 1989, 4 percent,

for calendar year ~~1987~~ 1990, 3 percent,

for calendar year ~~1988~~ 1991, 1.5 percent,

for calendar year ~~1989~~ 1992, 1 percent, and

for calendar years beginning after December 31, ~~1989~~ 1992, exempt; and

(b) for gross earnings derived from all other business

for calendar years beginning before December 31, ~~1986~~ 1989, 7 percent,

for calendar year ~~1987~~ 1990, 5.5 percent,

for calendar year ~~1988~~ 1991, 3 percent,

for calendar year ~~1989~~ 1992, 2.5 percent, and

for calendar years beginning after December 31, ~~1989~~ 1992, exempt.

Beginning January 1, 1986, A tax shall not be imposed on the gross earnings of a telephone company from business originating or terminating outside of Minnesota; except that the gross earnings tax shall be imposed on all long distance access charges allocable to interstate service received in payment from a telephone company before December 31, 1989.

The tax imposed is in lieu of all other taxes, except the taxes imposed by chapter 290, property taxes assessed beginning in ~~1987~~ 1990, payable in ~~1988~~ 1991, and sales and use taxes imposed as a result of ~~section 296.22, subdivision 13~~ chapter 297A. All money paid by a company for connecting fees and switching charges to any other company shall be reported as earnings by the company to which they are paid, ~~but shall not be deemed earnings of the collecting and paying company~~. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

Sec. 21. Minnesota Statutes 1986, section 295.39, is amended to read:

**295.39 [REPORTS FILED BY TRUST COMPANIES WITH COMMISSIONER OF REVENUE COUNTY TREASURER.]**

It shall be the duty of every trust company which is required to pay a tax of six percent of its gross earnings in lieu of taxes and assessments upon its capital stock and personal property pursuant to the provisions of section 295.37, on or before the first day of February, in each year, to make and file with the commissioner of revenue county treasurer of the county in which the trust has its principal place of business a report covering the preceding calendar year, verified by the oath of an officer of such company, setting forth correctly the full amount of the gross earnings of such company

during the preceding calendar year, and such other and further information as the ~~commissioner of revenue~~ county treasurer may require.

Sec. 22. Minnesota Statutes 1986, section 295.40, is amended to read:

295.40 [TAX DETERMINED.]

Upon receipt of such report the ~~commissioner of revenue~~ county treasurer shall determine therefrom and from such other information as the ~~commissioner~~ treasurer may possess or obtain the amount of tax due from such company; and, on or before the 15th day of February, the ~~commissioner of revenue~~ county treasurer shall certify the amount of the taxes found and determined to be due from such company to the treasurer of the county in which such trust company has its principal place of business.

Sec. 23. Minnesota Statutes 1986, section 295.41, is amended to read:

295.41 [FAILURE TO REPORT; PENALTY.]

If any company subject to sections 295.39 to 295.43 shall fail to make the report provided for in section 295.39, at the time and in the manner therein provided, there shall be added to the tax found and determined by the ~~commissioner of revenue~~ county treasurer to be due from such company a penalty equal to ten percent of the tax imposed, which shall be treated as a part thereof.

Sec. 24. Minnesota Statutes 1986, section 295.43, is amended to read:

295.43 [LIEN OF TAX.]

Gross earnings taxes imposed under and pursuant to the provisions of section 295.37, which become delinquent, shall be a lien upon all of the property of the company owning the same, and shall be collected at the same time and in the same manner that delinquent personal property taxes are collected.

Sec. 25. Minnesota Statutes 1986, section 296.02, subdivision 2, is amended to read:

Subd. 2. [GASOLINE TAX IMPOSED FOR AVIATION USE.] Subject to the provisions of section 296.18, subdivision 4, There is imposed an excise tax, at the rate of five cents one cent per gallon on all aviation gasoline received, sold, stored, or withdrawn from storage in this state. This tax is payable at the times, in the manner, and by persons specified in sections 296.01 to 296.27.

Sec. 26. Minnesota Statutes 1986, section 296.02, is amended by adding a subdivision to read:

Subd. 2a. [GASOLINE TAX IMPOSED FOR RAILROAD USE.] There is imposed an excise tax, at the rate of 17 cents per gallon on gasoline used in producing and generating power for propelling trains in this state. The tax imposed by this subdivision shall be credited to the general fund. The tax shall be computed by using the ratio of revenue ton miles of passengers, mail, express, and freight carried by the railroad within this state to the total number of revenue ton miles carried by the railroad within and without this state, times the total number of gallons of gasoline used both within and without this state during the filing period. The tax is payable at the times, in the manner, and by the persons specified in sections 296.01 to 296.27.

Sec. 27. Minnesota Statutes 1986, section 296.025, subdivision 2, is amended to read:

Subd. 2. [TAX IMPOSED FOR AVIATION USE.] There is hereby imposed an excise tax of the same rate one cent per gallon as the gasoline excise tax on all special fuel received, sold, stored or withdrawn from storage in this state, for use as substitutes for aviation gasoline and not otherwise taxed as gasoline.

Sec. 28. Minnesota Statutes 1986, section 296.025, is amended by adding a subdivision to read:

Subd. 2a. [TAX IMPOSED FOR RAILROAD USE.] There is imposed an excise tax of the same rate per gallon as the gasoline excise tax on special fuel used to propel trains in this state, and not otherwise taxed as gasoline. The tax shall be computed by using the same method as the gasoline excise tax and shall be payable at the times, in the manner, and by the persons specified in this chapter.

Sec. 29. Minnesota Statutes 1986, section 296.17, subdivision 3, is amended to read:

Subd. 3. [REFUNDS ON GASOLINE AND SPECIAL FUEL USED IN OTHER STATES.] Every person regularly or habitually operating motor vehicles upon the public highways of any other state or states and using in said motor vehicles gasoline or special fuel purchased or obtained in this state, shall be allowed a credit or refund equal to the tax on said gasoline or special fuel paid to this state on the gasoline or special fuel actually used in the other state or states. No credit or refund shall be allowed under this subdivision for taxes paid to any state which imposes a tax upon gasoline or special fuel purchased or obtained in this state and used on the highways of such other state, and which does not allow a similar credit or refund for the tax paid to this state on gasoline or special fuel purchased or acquired in such other state and used on the

highways of this state. Every person claiming a credit or refund under this subdivision shall file, ~~within 30 days after the tax to such other state, or states, is paid, a report in such form as may be prescribed by the commissioner, together with such proof of the payment of the tax, and of the fact that it was paid on gasoline or special fuel purchased or obtained within this state as the commissioner may require. The claimant may file up to six months from the date the tax was paid to another state but any refund applied for after 30 days from date of payment shall be reduced by five percent for each 30-day period or portion thereof following the initial 30-day period~~ a claim on a form prescribed by the commissioner or take the credit on a subsequent tax return within one year of the last day of the month following the end of the quarter when the overpayment occurred.

Sec. 30. Minnesota Statutes 1986, section 296.17, subdivision 7, is amended to read:

Subd. 7. [DEFINITIONS.] As used in subdivisions 7 to 22:

(a) "motor fuel" means a liquid, regardless of its composition or properties, used to propel a motor vehicle;

(b) "commercial motor vehicle" means a passenger vehicle that has seats for more than ~~nine~~ 20 passengers in addition to the driver, ~~a road tractor, a tractor truck, or a truck having more than two axles, which is propelled by motor fuel, but does not include a motor vehicle while used in a ridesharing arrangement as defined in section 169.01, subdivision 63 or a power unit that (1) has a gross weight in excess of 26,000 pounds, or (2) has three or more axles regardless of weight, or (3) when used in combination, the weight of the combination exceeds 26,000 pounds gross vehicle weight;~~

(c) "motor carrier" means a person who operates or causes to be operated a commercial motor vehicle on a highway in this state;

(d) "operation" means operation of commercial motor vehicles whether loaded or empty, whether for compensation or not for compensation, and whether owned by or leased to the motor carrier who operates them or causes them to be operated; and

(e) "highway" means the entire width between the boundary lines of every way publicly maintained when part of the highway is open for the public to travel on.

Sec. 31. Minnesota Statutes 1986, section 296.17, subdivision 11, is amended to read:

Subd. 11. [REPORTS.] Every motor carrier subject to the road tax shall, on or before the last day of April, July, October and January,

file with the commissioner such reports of operations during the previous three months as the commissioner may require and such other reports from time to time as the commissioner may deem necessary. The commissioner by rule may exempt from the quarterly reporting requirements of this section those motor carriers whose mileage is all or substantially all of and those motor carriers whose mileage is minimal within this state, or states with which Minnesota has reciprocity and require in such instances an annual affidavit attesting to the intrastate or substantially intrastate character of their operations, provided that the enforcement of subdivisions 7 to 22 is not adversely affected thereby and that the commissioner is satisfied that an equitable amount of motor fuel is purchased within this state by such carriers report reflecting the operations of the carrier during the previous year along with payment of any taxes due.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 32. Minnesota Statutes 1986, section 297.01, subdivision 2, is amended to read:

Subd. 2. "Cigarette" means any roll for smoking made wholly or in part of tobacco, ~~and encased in any~~ irrespective of size and shape and whether or not the tobacco is flavored, adulterated, or mixed with any other ingredient, the wrapper or cover of which is made of paper or any other substance or material except tobacco.

Sec. 33. Minnesota Statutes 1986, section 297.01, subdivision 4, is amended to read:

Subd. 4. "Person" means any individual, firm, trade association, company, partnership, joint stock company, joint adventure, corporation, trustee club, syndicate, agency, or receiver, or any legal representative of any of the foregoing engaged in the sale of cigarettes.

Sec. 34. Minnesota Statutes 1986, section 297.01, subdivision 7, is amended to read:

Subd. 7. "Distributor" means any and each of the following:

(1) Any person engaged in the business of selling cigarettes in this state who brings, or causes to be brought, into this state from without the state any packages of cigarettes for sale;

(2) Any person who makes, manufactures, or fabricates cigarettes in this state for sale in this state;

(3) Any person engaged in the business without this state who ships or transports cigarettes to retailers in this state, to be sold by those retailers;

(4) Any person who engages in this state in the business of selling packages of other states' stamped cigarettes which the person purchases unstamped into other states that were purchased from a licensee under sections 297.01 to 297.13.

Sec. 35. Minnesota Statutes 1986, section 297.01, subdivision 10, is amended to read:

Subd. 10. "Retailer" means any person engaged in this state in the business of selling cigarettes to ultimate consumers, or offering to sell, cigarettes at retail.

Sec. 36. Minnesota Statutes 1986, section 297.02, subdivision 1, is amended to read:

Subdivision 1. [RATES.] A tax is hereby imposed upon the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor thereof, at the following rates, subject to the discount provided in section 297.03:

(1) On cigarettes weighing not more than three pounds per thousand, ~~19.5 19 mills minus the tax, not more than eight mills, imposed by United States Code, title 26, section 5701, as amended,~~ on each such cigarette;

(2) On cigarettes weighing more than three pounds per thousand, ~~39.8 38 mills minus the tax, not more than 16.8 mills, imposed by United States Code, title 26, section 5701, as amended,~~ on each such cigarette.

Sec. 37. Minnesota Statutes 1986, section 297.02, subdivision 6, is amended to read:

Subd. 6. [SALES BY STATE.] The state of Minnesota or any of its agencies, instrumentalities, or governmental subdivisions ~~except institutions under the control and management of the commissioner of corrections~~ shall be subject to the tax imposed by this chapter on all cigarettes sold, in the same manner as distributors, if such unit is engaged in the purchase and sale of cigarettes.

Sec. 38. Minnesota Statutes 1986, section 297.03, subdivision 1, is amended to read:

Subdivision 1. [STAMP PUT ON BY DISTRIBUTOR; EXCEPTION.] Except as otherwise provided in this section payment of the



tax imposed by section 297.02 shall be evidenced by stamps affixed to each package. Before delivering, or causing to be delivered, any package to any person in this state, ~~other than a licensed distributor;~~ every distributor shall firmly affix to each package of cigarettes stamps in amounts equal to the tax on those cigarettes as provided for in section 297.02.

Sec. 39. Minnesota Statutes 1986, section 297.03, subdivision 5, is amended to read:

Subd. 5. [SALE OF STAMPS.] ~~(a) Except as provided in paragraph (b);~~ The commissioner shall sell stamps to any person licensed as a distributor at a discount of ~~two~~ 1.25 percent from the face amount of the stamps for the first ~~\$1,000,000~~ \$1,500,000 of such stamps purchased in any fiscal year; and at a discount of ~~1.25~~ .75 percent on the remainder of such stamps purchased in any fiscal year. The commissioner shall not sell stamps to any other person.

~~(b) If the tax exceeds 12.5 mills a cigarette, the discount is 1.5 percent from the face amount of the stamps for the first \$1,000,000 of the stamps purchased in a fiscal year and one percent for additional stamps purchased during the fiscal year.~~

The commissioner may prescribe the method of shipment of the stamps to the distributor as well as the quantities of stamps purchased.

Sec. 40. Minnesota Statutes 1986, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES.] (1) Before January 1, ~~1989~~ 1990, the commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by the commissioner, which shall be provided by the distributor. The commissioner may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5, and in that connection require the furnishing of a corporate surety bond, check guarantee bond, or certified check in a suitable amount to guarantee the payment of the tax.

(2) Before January 1, ~~1989~~ 1990, the commissioner may authorize, and after December 31, ~~1988~~ 1989, the commissioner shall require any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by

the commissioner, and in that connection require the furnishing of a corporate surety bond, check guarantee bond, or certified check in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor.

(3) If the commissioner finds that a stamping machine is not printing or affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

Sec. 41. Minnesota Statutes 1986, section 297.04, subdivision 4, is amended to read:

Subd. 4. [DISTRIBUTOR'S APPLICATION; FEE, BOND; CERTIFIED CHECK; SUBJOBBER'S LICENSE.] (a) Except as otherwise provided in ~~clause~~ paragraph (b), each application for a distributor's license shall be accompanied by a fee of \$150 and a corporate surety bond issued by a surety licensed to do business in this state in the sum of \$1,000, conditioned upon the true and faithful compliance by the licensee with all of the provisions of this act. This bond, or a reissue thereof, or a substitute therefor, shall be kept in full force and effect during the entire period covered by the license. A separate application for license shall be made for each place of business at which a distributor proposes to engage in business as such under sections 297.01 to 297.13, provided that a separate application for a subjobber's license may be made by a licensed distributor for each place of business (other than that licensed in the distributor's license) to which the distributor delivers and from which the distributor sells or distributes stamped cigarettes.

Each application for a subjobber's license shall be accompanied by a fee of \$12.

A distributor or subjobber applying for a license between July 1 and December 31 of any year shall be required to pay only one-half of the license fee provided for herein.

(b) Each application for a distributor's license for the period beginning July 1, 1971 shall be accompanied by a fee of \$75 and the corporate surety bond prescribed by clause (a). Each application for a subjobber's license for the period beginning July 1, 1971 shall be accompanied by a fee of \$6. Each license issued for the period beginning July 1, 1971 shall expire on December 31, 1971. In lieu of the bond required in paragraph (a), a certified check made payable to the commissioner may be filed with the commissioner. The department of revenue shall not pay interest on funds encumbered by the check.

Sec. 42. Minnesota Statutes 1986, section 297.04, subdivision 6, is amended to read:

Subd. 6. [EXPIRATION.] Each license issued for any period subsequent to ~~June 30, 1971~~, shall expire on December 31 following its date of issue unless sooner revoked by the commissioner or unless the business with respect to which the license was issued is transferred. In either case the holder of the license shall immediately surrender it to the commissioner.

Sec. 43. Minnesota Statutes 1986, section 297.04, subdivision 9, is amended to read:

Subd. 9. [REVOCAION.] The commissioner may revoke, cancel, or suspend the license or licenses of any distributor or subjobber for violation of sections 297.01 to 297.13, or any other act applicable to the sale of cigarettes, or any rule promulgated by the commissioner, and may also revoke any such license or licenses of any distributor or subjobber for the violation of sections 297.31 to 297.39, or any other act applicable to the sale of tobacco products, or any rule promulgated by the commissioner in furtherance of sections 297.31 to 297.39. The commissioner may revoke, cancel, or suspend the license or licenses of any distributor or subjobber for violation of sections 325D.31 to 325D.42.

No license shall be revoked, canceled, or suspended except after notice and a hearing by the commissioner as provided in section 297.09.

Sec. 44. Minnesota Statutes 1986, section 297.07, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN FILED WITH COMMISSIONER.] On or before the ~~25th~~ 15th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from without the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. Every licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it.

Sec. 45. Minnesota Statutes 1986, section 297.07, subdivision 3, is amended to read:

Subd. 3. [DEALER MAY PROTEST; HEARING.] If, within ~~29~~ 30 days after mailing of notice of the ~~proposed~~ assessment, the distributor or a legal representative shall file a protest to said ~~proposed~~ assessment and request a hearing thereon, the commissioner shall give notice to that distributor or legal representative of the time and place fixed for the hearing, shall hold a hearing in conformity with the provisions of sections 297.01 to 297.13, and pursuant thereto shall issue a final assessment to the distributor or legal representative for the amount found to be due as a result of the hearing. This hearing shall be held within 45 days after filing of the protest. If a protest is not filed within the time herein prescribed, the commissioner shall issue a final assessment to the distributor or legal representative, as such. Any tax due and owing after a final assessment order has been issued to the distributor or legal representative of such distributor shall be paid within 60 days. The tax due must be paid within 60 days after the mailing date of the assessment notice.

Sec. 46. Minnesota Statutes 1986, section 297.07, subdivision 4, is amended to read:

Subd. 4. [MONTHLY ACCELERATED TAX PAYMENTS PAYMENT; PENALTY FOR NONPAYMENT.] (a) Except as provided in paragraph (b), all taxes shall be due and payable not later than the twenty-fifth day of the month following the calendar month in which they were incurred, and thereafter shall bear interest at the rate specified in section 270.75. The commissioner in issuing the final assessment pursuant to subdivision 3 shall add to the amount of tax found due and unpaid a penalty of ten percent thereof, except that, on finding that the distributor has made a false and fraudulent return with intent to evade the tax imposed by sections 297.01 to 297.13, the penalty shall be 25 percent of the entire tax as shown by the corrected return. If any such tax is not paid within the time herein specified for the payment thereof or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid, but in no event shall the penalty for failure to pay such tax within the time provided for such payment be less than \$10. The commissioner is authorized to extend the time for paying such tax without penalty for good cause shown.

(b) Every distributor having a liability of \$1,500 or more in May 1987 or in May of each subsequent year, shall remit the June liability in the manner required by this section.

On or before June 25, 1987, or June 25 of each subsequent year, the distributor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before ~~August 25~~ July 15, 1987, or ~~August 25~~ July 15 of each subsequent year, the distributor shall submit a return showing the

actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.

Sec. 47. Minnesota Statutes 1986, section 297.07, subdivision 5, is amended to read:

Subd. 5. ~~[RECOVERY BY COMMISSIONER OFFSET.] The commissioner may recover the amount of any tax due and unpaid, interest, and any penalty in a civil action. The collection of such a tax, interest, or penalty shall not be a bar to any prosecution under sections 297.01 to 297.13~~ Upon audit, if a distributor's return reflects an overpayment, the overpayment may only be offset against an additional tax liability for the month immediately preceding or immediately after the month of overpayment.

Sec. 48. Minnesota Statutes 1986, section 297.11, subdivision 3, is amended to read:

Subd. 3. ~~[PACKAGES STAMPED, EXCEPTION.] No distributor shall sell a package of cigarettes not stamped in accordance with the provisions of sections 297.01 to 297.13, except when the sale is made by the distributor to another distributor licensed under sections 297.01 to 297.13 or when the sale is made under such circumstances that the tax imposed by sections 297.01 to 297.13 may not legally be levied because of the constitution or laws of the United States.~~

Sec. 49. Minnesota Statutes 1986, section 297.11, subdivision 5, is amended to read:

Subd. 5. ~~[TRANSPORTING UNSTAMPED PACKAGES.] No person shall transport into, or receive, carry, or move from place to place in this state, any packages of cigarettes not stamped in accordance with the provisions of this act except in the course of interstate commerce, unless the cigarettes are moving from a public warehouse to a distributor upon orders from the manufacturer or distributor or from one distributor to another. This subdivision shall not apply to a person carrying for personal use not more than 200 cigarettes when those cigarettes have had the individual packages or seals thereof broken and are intended for personal use by that person and not to be sold or offered for sale.~~

Common carriers transporting cigarettes into this state shall file with the commissioner reports of all such shipments other than those which are delivered to public warehouses of first destination in this state which are licensed under the provisions of chapter 231. Such reports shall be filed monthly on or before the 10th day of each

month and shall show with respect to deliveries made in the preceding month: the date, point of origin, point of delivery, name of consignee, the quantity of cigarettes delivered and such other information as the commissioner may require.

All common carriers transporting cigarettes into Minnesota shall permit examination by the commissioner of their records relating to the shipment of cigarettes.

Any person who fails or refuses to transmit to the commissioner the required reports or whoever refuses to permit the examination of the records by the commissioner shall be guilty of a misdemeanor.

Sec. 50. Minnesota Statutes 1986, section 297.23, subdivision 1, is amended to read:

Subdivision 1. On or before the ~~25th~~ 15th day of each calendar month, every consumer who during the preceding calendar month has acquired title to or possession of cigarettes for use or storage in this state, upon which cigarettes the tax imposed by sections 297.01 to 297.13 has not been paid, shall file a return with the commissioner showing the quantity of cigarettes so acquired. The return shall be made upon a form furnished and prescribed by the commissioner, and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it.

Sec. 51. Minnesota Statutes 1986, section 297.31, subdivision 2, is amended to read:

Subd. 2. (a) "Tobacco products" means cigars; little cigars as defined herein; cheroots; stogies; periques; 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 otherwise, or both for chewing and smoking; but shall not include cigarettes as defined in section 297.01, subdivision 2.

(b) "Little cigar" means any roll for smoking, made wholly or in part of tobacco, which has a factory list price not exceeding \$12 per thousand, irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or mixed with any other ingredient, where such roll has a wrapper or cover made wholly or in part of tobacco, and where such roll weighs not more than three pounds per thousand.

Sec. 52. Minnesota Statutes 1986, section 297.31, subdivision 3, is amended to read:

Subd. 3. "Person" means any individual, firm, trade association, company, partnership, joint stock company, joint adventure, corporation, trustee, club, syndicate, agency, or receiver, or any legal representative of any of the foregoing engaged in the sale of tobacco.

Sec. 53. Minnesota Statutes 1986, section 297.31, subdivision 7, is amended to read:

Subd. 7. "Retailer" means any person engaged in this state in the business of selling tobacco products to ultimate consumers, or offering to sell, tobacco at retail.

Sec. 54. Minnesota Statutes 1986, section 297.32, subdivision 1, is amended to read:

Subdivision 1. A tax is hereby imposed upon all tobacco products in this state and upon any person engaged in business as a distributor thereof, at the rate of ~~25~~ <sup>35</sup> percent of the wholesale sales price of such tobacco products ~~except little cigars as defined in section 297.31, subdivision 2, clause (b). Little cigars shall be subject to the same rate of tax imposed on cigarettes weighing not more than three pounds per thousand subject to the discount provided in section 297.35, subdivision 1.~~ Such tax shall be imposed at the time the distributor (1) brings, or causes to be brought, into this state from without the state tobacco products for sale; (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or (3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

Sec. 55. Minnesota Statutes 1986, section 297.32, subdivision 2, is amended to read:

Subd. 2. A tax is hereby imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the rate of ~~25~~ <sup>35</sup> percent of the cost of such tobacco products; ~~except little cigars as defined in section 297.31, subdivision 2, clause (b). Little cigars shall be subject to the same rate of tax imposed on cigarettes weighing not more than three pounds per thousand.~~

The tax imposed by this subdivision shall not apply if the tax imposed by subdivision 1 on such tobacco products has been paid.

This tax shall not apply to the use or storage of tobacco products in quantities of:

1. not more than 50 cigars;
2. not more than ten oz. snuff or snuff powder;

3. not more than one lb. smoking or chewing tobacco or other tobacco products not specifically mentioned herein, in the possession of any one consumer.

Sec. 56. Minnesota Statutes 1986, section 297.32, subdivision 8, is amended to read:

Subd. 8. The state of Minnesota or any of its agencies, instrumentalities, or governmental subdivisions ~~except institutions under the control and management of the commissioner of corrections~~ shall be subject to the tax imposed by sections 297.32 to 297.39 in the same manner as distributors, if such unit is engaged in the purchase and sale of tobacco products.

Sec. 57. Minnesota Statutes 1986, section 297.33, subdivision 4, is amended to read:

Subd. 4. (a) Except as otherwise provided in ~~elause~~ paragraph (b), each application for a distributor's license shall be accompanied by a fee of \$37.50. The application shall also be accompanied by a corporate surety bond issued by a surety licensed to do business in this state, in the sum of \$1,000, conditioned upon the true and faithful compliance by the distributor with all the provisions of sections 297.31 to 297.39 and the payment when due of all taxes, penalties and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota. This bond shall be in a form to be fixed by the commissioner and approved by the attorney general. Whenever it is the opinion of the commissioner that the bond given by a licensee is inadequate in amount to fully protect the state, the commissioner shall require either an increase in the amount of said bond or additional bond, in such amount as the commissioner deems sufficient. Any bond required by this subdivision, or a reissue thereof, or a substitute therefor, shall be kept in full force and effect during the entire period covered by the license.

A separate application for license shall be made for each place of business at which a distributor proposes to engage in business as such under sections 297.31 to 297.39. A separate application for a subjobber's license may be made by a licensed distributor for each place of business, other than that licensed in the distributor's license, to which the distributor sells or distributes tobacco products upon which the tax imposed by this chapter has been imposed to other than the ultimate consumer.

(b) ~~Each application for a distributor's license for the period beginning July 1, 1971 shall be accompanied by a fee of \$18.75 and the corporate surety bond prescribed by clause (a) of this subdivision. Each license issued for the period beginning July 1, 1971 shall expire on December 31, 1971. In lieu of the bond required in paragraph (a), a certified check may be filed with the commissioner.~~



The check must be made payable to the commissioner and in an amount to be established by the commissioner or the commissioner's designee but not less than twice the average monthly liability of the taxpayer. The department of revenue shall pay no interest on funds encumbered by the check.

Sec. 58. Minnesota Statutes 1986, section 297.33, subdivision 5, is amended to read:

Subd. 5. (a) ~~Except as otherwise provided in clause (b),~~ Each application for a subjobber's license shall be accompanied by a fee of \$10.

(b) ~~Each application for a subjobber's license for the period beginning July 1, 1971 shall be accompanied by a fee of \$5. Each license issued for the period beginning July 1, 1971 shall expire on December 31, 1971.~~ All licenses expire on December 31 of the year they were issued.

Sec. 59. Minnesota Statutes 1986, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the ~~twenty-fifth~~ 15th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less two percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39.

Sec. 60. Minnesota Statutes 1986, section 297.35, subdivision 3, is amended to read:

Subd. 3. If, within ~~20~~ 30 days after mailing of notice of the ~~proposed~~ assessment, the taxpayer or a legal representative shall file a protest to said ~~proposed~~ assessment and request a hearing thereon, the commissioner shall give notice to that taxpayer or legal representative of the time and place fixed for the hearing, shall hold a hearing on such protest, ~~and shall issue a final assessment to the taxpayer or legal representative for the amount found to be due as a result of the hearing.~~ This hearing shall be held within 45 days after

filing of the protest. If a protest is not filed within the time herein prescribed, the commissioner shall issue a final assessment to the taxpayer or legal representative, as such. Any tax due and owing after a final an assessment order has been issued to the distributor or legal representative of such distributor shall be paid within 60 days. Any such assessment made by the commissioner shall be prima facie correct and valid, and the taxpayer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto.

Sec. 61. Minnesota Statutes 1986, section 297.35, subdivision 5, is amended to read:

Subd. 5. (a) Except as provided in paragraph (b), all taxes shall be due and payable not later than the 25th day of the month following the calendar month in which they were incurred, and thereafter shall bear interest at the rate specified in section 270.75. If any tax required to be paid under the provisions of this section is not paid within the time herein specified, a penalty of five percent of the unpaid tax remaining each month up to a maximum of 25 percent is herein imposed but in no event shall the penalty for failing to pay such tax within the time so provided be less than \$10. The commissioner of revenue is authorized to extend the time for paying such tax without penalty for good cause shown.

Where, under the provisions of subdivisions 2 and 3, the amount of tax due for a given period is assessed without allocating it to any particular month or months, the interest shall commence to run from the date of such assessment.

The commissioner shall have power to reduce or abate the penalty or interest when in the commissioner's opinion the facts warrant such reduction or abatement. The exercise of this power shall be subject to the provisions of chapter 270 if the reduction or abatement exceeds \$500.

(b) Every distributor having a liability of \$1,500 or more in May 1987 or in May of each subsequent year, shall remit the June liability in the manner required by this section.

On or before June 25, 1987, or June 25 of each subsequent year, the distributor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before ~~August 25~~ July 15, 1987, or ~~August 25~~ July 15 of each subsequent year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount

remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.

Sec. 62. Minnesota Statutes 1986, section 297.35, subdivision 8, is amended to read:

Subd. 8. On or before the ~~twenty-fifth~~ 15th day of each calendar month, every consumer who, during the preceding calendar month, has acquired title to or possession of tobacco products for use or storage in this state, upon which tobacco products the tax imposed by section 297.32 has not been paid, shall file a return with the commissioner showing the quantity of tobacco products so acquired. The return shall be made upon a form furnished and prescribed by the commissioner, and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it.

Sec. 63. Minnesota Statutes 1986, section 297.36, is amended to read:

#### 297.36 [REFUNDS, CREDITS.]

Where tobacco products upon which the tax imposed by sections 297.31 to 297.39 has been reported and paid, are shipped or transported by the distributor to consumers, to be consumed without the state, or to retailers or subjobbers without the state, to be sold by those retailers, or subjobbers without the state, or are returned to the manufacturer by the distributor or destroyed by the distributor, refund of such tax or credit may be made to the distributor in accordance with rules prescribed by the commissioner. Any overpayment of the tax imposed under section 297.32 may be made to the taxpayer in accordance with rules prescribed by the commissioner. The commissioner of finance shall cause any such refund of tax to be paid out of the general fund, and so much of said fund as may be necessary is hereby appropriated for that purpose. Any claims for refund must be filed within three years from the due date of the return for which the refund is claimed.

#### Sec. 64. [297.41] [PERSONAL DEBT; LIEN.]

The tax imposed by sections 297.01 to 297.40, and interest and penalties imposed with respect to it, shall be a personal debt of the person required to file a return from the time the liability for it arises, irrespective of when the time for payment of the liability occurs. The debt shall, in the case of the executor or administrator of the estate of a decedent and in the case of any fiduciary, be that of the person in the person's official or fiduciary capacity only, unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties. Then the person shall be personally liable for the deficiency.

Sec. 65. [297.42] [FAILURE TO FILE RETURN.]

If a person required by chapter 297 to file a return fails to do so within the time prescribed, or makes, willfully or otherwise, an incorrect, false, or fraudulent return, the person shall, upon written notice and demand, immediately file the return, or corrected return, and at the same time pay any tax due on the basis of it. If the person fails to file the return or corrected return, the commissioner shall make a return, or corrected return, for the person from the commissioner's own knowledge and from information that the commissioner can obtain through testimony, or otherwise, and assess a tax on the basis of it. The tax (less any payments previously made on account of the tax for the taxable period covered by such return) must be paid immediately upon written notice and demand. A return or assessment made by the commissioner is prima facie correct and valid, and the person shall have the burden of establishing its incorrectness or invalidity in an action or proceeding in respect to it.

Sec. 66. [297.43] [PENALTIES.]

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by chapter 297, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it if the taxpayer is not required to pay the amount in dispute pending appeal under section 33, there shall be added to the tax a specific penalty equal to ten percent of the amount remaining unpaid.

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax in lieu of the ten percent specific penalty under subdivision 1, a penalty, as follows: ten percent, 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. If the penalty does not exceed \$10, a minimum penalty of \$10 shall be assessed. 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. If the tax has been paid before the discovery of the negligence, the amount added shall be collected in the same manner as the tax.

Subd. 3. [WILLFUL FAILURE; FRAUD.] If a person willfully fails to file a return or make a payment required by chapter 297, or willfully files a false or fraudulent return, or willfully attempts in any manner to evade or defeat the tax or payment of it, there shall also be imposed a penalty in an amount equal to 50 percent of the tax (less any amounts paid on the basis of the false or fraudulent return) found due for the period to which the return related. The penalty imposed by this subdivision shall be collected as part of the

tax, and is in addition to any other penalties, civil and criminal, provided by this section.

Subd. 4. [ORDER PAYMENTS CREDITED.] 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.

Subd. 5. [INTEREST.] The amount of tax not timely paid, together with any penalty imposed in this section, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. Any interest and penalty shall be added to the tax and collected as a part of it.

Subd. 6. [EXTENSION OF TIME.] The commissioner may extend the time for filing returns and remittance of tax, deficiencies, and penalties for not more than 60 days. The commissioner may require that a tentative return be filed at the time fixed for filing the regularly required return and that payment of the tax be made with it on the basis of the tentative return.

When an extension of time for payment has been granted under this section, interest shall be payable at the rate provided in section 270.75 from the date when the payment should have been made, if no extension had been granted, until the tax is paid.

Subd. 7. [CIVIL ACTION.] The commissioner may recover the amount of any tax due and unpaid, interest, and any penalty in a civil action. The collection of the tax, interest, or penalty is not a bar to any prosecution under chapter 297.

Subd. 8. [NEGLIGENCE; INTENTIONAL DISREGARD OF LAW OR RULES.] If any part of any additional assessment is due to negligence or intentional disregard of the provisions of this chapter or rules of the commissioner of revenue (but without intent to defraud), there shall be added to the tax an amount equal to ten percent of the additional assessment. 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.

**Sec. 67. [297.44] [PAYMENT OF TAX PENDING APPEAL.]**

When a taxpayer appeals a liability assessed under this chapter to the tax court, and the amount in dispute is more than \$6,000, the entire amount of the tax, penalty, and interest assessed by the commissioner must be paid at the time it is due, unless permission to continue prosecution of the appeal without payment is obtained under this section. The appellant, upon ten days' notice to the commissioner, may apply to the court for permission to continue

prosecution of the appeal without payment; and if it is made to appear:

- (1) that the proposed review is to be taken in good faith;
- (2) that there is probable cause to believe that the taxpayer may be held exempt from payment of the liability or that the liability may be determined to be less than 50 percent of the amount due; and
- (3) that it would work a substantial hardship upon appellant to pay the liability,  
the court may permit the appellant to continue prosecution of the appeal without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the appeal.

Failure to make payment of the amount required when due shall operate automatically to dismiss the appeal and all proceedings under the appeal, unless the payment is waived by an order of the court permitting the appellant to continue prosecution of the appeal without payment.

Sec. 68. Minnesota Statutes 1986, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS.] The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons having on file with the commissioner a sufficient bond as provided in subdivision 4 on or before the 25th 15th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 25th 15th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by ~~rule~~ of the commissioner, and must keep records and render reports required by ~~rule~~ of the commissioner. A person liable for any tax on wines or distilled spirits not having on file a sufficient bond must pay the tax within 24 hours after first sale in this state. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license.

If a person fails to pay the tax within the time specified or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there is added a penalty equal to ten percent of the remaining unpaid amount. The penalty must be collected as part of the tax. The amount of tax not timely paid, together with the penalty, must bear interest at the rate specified in section 270.75 from the time the tax should have been paid until it is paid.

Sec. 69. Minnesota Statutes 1986, section 297C.03, is amended by adding a subdivision to read:

Subd. 4a. [CERTIFIED CHECK.] In lieu of the bond required in subdivision 4, a certified check may be filed with the commissioner. The check must be payable to the commissioner in an amount to be established by the commissioner or the commissioner's designee but not to exceed twice the average monthly liability of the taxpayer. The department of revenue shall not pay interest on funds encumbered by the check.

Sec. 70. Minnesota Statutes 1986, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner ~~shall~~ may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the ~~25th~~ 15th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2, paragraph (b). If the excise tax is not paid when due, the amount due is increased by a penalty of ten percent thereof, and interest on the tax and penalty at an annual rate of 20 percent, adjusted as provided in section 270.75, from the date the tax became due until paid.

Sec. 71. Minnesota Statutes 1986, section 297C.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY ACCELERATED TAX PAYMENTS; PENALTY FOR NONPAYMENT PAYMENT.] (a) Subject to paragraph (b), all taxes shall be due and payable as directed in this chapter, and taxes not paid shall bear interest at the rate specified in section 270.75. The commissioner in issuing a final assessment shall add to the amount of tax found due and unpaid a penalty of ten percent thereof, except that, if the commissioner finds that the taxpayer has made a false and fraudulent return with intent to evade the tax imposed by this chapter, the penalty shall be 25 percent of the entire tax as shown by the corrected return. If the tax is not paid within the time herein specified for the payment thereof or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid, but in no event shall the penalty for failure to pay the tax within the time provided for payment be less than \$10. The commissioner may extend the time for paying the tax without penalty for good cause shown.

(b) Every person liable for tax under this chapter having a liability of \$1,500 or more in May 1987 or in May of each subsequent year, shall remit the June liability in the manner required by this section.

On or before June 25, 1987, or June 25 of each subsequent year, the taxpayer shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before August 25 15, 1987, or August 25 15 of each subsequent year, the taxpayer shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.

Sec. 72. Minnesota Statutes 1986, section 297C.06, is amended to read:

#### 297C.06 [REFUNDS.]

The commissioner may refund to a taxpayer the amount of tax paid under this chapter on intoxicating liquor or malt liquor which becomes unfit for human consumption and is destroyed under an order by a federal, state, or local agency while being held for sale by a licensed retailer. Refunds shall be made only if satisfactory proof is presented to the commissioner by the taxpayer and the licensed retailer that the retailer was not indemnified by insurance for the tax. The commissioner may prescribe the method of proof required for obtaining the refund. Any destruction must meet the requirements of the environmental laws of this state.

The commissioner may refund to a taxpayer the amount of tax paid under this chapter for the breakage of inventory not subject to reimbursement from any insurance proceeds. The method of proof for obtaining the refund will be prescribed by the commissioner.

The commissioner may refund any overpayment of tax imposed under section 297C.02 provided that the claim for refund is filed within three years from the due date of the return for which the refund is claimed. The refund of tax shall be paid out of the general fund and amounts necessary to pay the refunds are appropriated out of the general fund.

The commissioner may credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.



Claims for refund must be filed with the commissioner within one year from the date of the breakage or the destruction order. There is appropriated annually from the general fund to the commissioner the sums necessary to make the refunds provided by this section.

Sec. 73. Minnesota Statutes 1986, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 19 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. A collector of commemorative bottles, other than a person under the age of 19 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 74. [297C.14] [PENALTIES.]

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it if the taxpayer is not required to pay the amount in dispute pending appeal under section 8, there shall be added to the tax a specific penalty equal to ten percent of the amount remaining unpaid.

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax in lieu of the ten percent specific penalty under subdivision 1, a penalty as follows: ten percent, 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 such failure continues, not exceeding 25 percent in the aggregate. If the penalty does not exceed \$10, a minimum penalty of \$10 shall be assessed. 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. If the tax has been paid before the discovery of the negligence, then

the amount so added shall be collected in the same manner as the tax.

Subd. 3. [WILLFUL FAILURE; FRAUD.] If a person willfully fails to file a return or make a payment required by this chapter, or willfully files a false or fraudulent return, or willfully attempts in any manner to evade or defeat the tax or payment of it, there shall also be imposed a penalty in an amount equal to 50 percent of the tax (less any amounts paid on the basis of such false or fraudulent return) found due for the period to which the return related. The penalty imposed by this subdivision shall be collected as part of the tax and is in addition to any other penalties, civil and criminal, provided by this section.

Subd. 4. [ORDER PAYMENTS CREDITED.] 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.

Subd. 5. [INTEREST.] The amount of tax not timely paid, together with any penalty imposed by this chapter, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. Any interest and penalty shall be added to the tax and collected as a part of it.

Subd. 6. [NEGLIGENCE; INTENTIONAL DISREGARD OF LAW OR RULES.] If any part of any additional assessment is due to negligence or intentional disregard of the provisions of this chapter or rules of the commissioner of revenue (but without intent to defraud), there shall be added to the tax an amount equal to ten percent of the additional assessment. The amount of tax together with this penalty shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid.

Subd. 7. [FAILURE TO FILE INFORMATIONAL RETURNS.] Any person required to file informational returns or reports that fails to do so by the time period established by law, will be assessed a \$25 penalty for each month the return remains unfiled.

Sec. 75. [297C.15] [PAYMENT OF TAX PENDING APPEAL].

When a taxpayer appeals a liability assessed under this chapter to the tax court, and the amount in dispute is more than \$6,000, the entire amount of the tax, penalty, and interest assessed by the commissioner shall be paid at the time it is due unless permission to continue prosecution of the appeal without payment is obtained under this section. The appellant, upon ten days' notice to the commissioner, may apply to the court for permission to continue prosecution of the appeal without payment; and, if it is made to appear:

(1) that the proposed review is to be taken in good faith;

(2) that there is probable cause to believe that the taxpayer may be held exempt from payment of the liability or that the liability may be determined to be less than 50 percent of the amount due; and

(3) that it would work a substantial hardship upon appellant to pay the liability,

the court may permit the appellant to continue prosecution of the appeal without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the appeal.

Failure to make payment of the amount required when due shall operate automatically to dismiss the appeal and all proceedings under it unless the payment is waived by an order of the court permitting the appellant to continue prosecution of the appeal without payment.

Sec. 76. [297C.16] [PERSONAL DEBT; LIEN.]

The tax imposed by this chapter, and interest and penalties imposed with respect to it, shall be a personal debt of the person required to file a return from the time the liability for it arises, irrespective of when the time for payment of the liability occurs. The debt shall, in the case of the executor or administrator of the estate of a decedent and in the case of any fiduciary, be that of the person in the person's official or fiduciary capacity only, unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties. Then the person shall be personally liable for the deficiency.

Sec. 77. [297C.18] [TRANSPORTING FERMENTED MALT BEVERAGES INTO THE STATE.]

Common carriers transporting fermented malt beverages into this state shall file with the commissioner reports of all shipments delivered to licensed distributors in this state. The reports must be filed monthly on or before the 25th day of each month. They must show with respect to deliveries made in the preceding month: the date, point of origin, point of delivery, name of consignee, the quantity delivered, and other information required by the commissioner.

Common carriers transporting fermented malt beverages into Minnesota shall permit examination by the commissioner of their records relating to the shipment of fermented malt beverages.

A person who fails or refuses to transmit to the commissioner the required reports or whoever refuses to permit the examination of the records by the commissioner shall be guilty of a misdemeanor.

Sec. 78. Minnesota Statutes 1986, section 325D.30, is amended to read:

**325D.30 [MINNESOTA UNFAIR CIGARETTE SALES ACT; FINDINGS AND POLICY.]**

The legislature finds that unfair, dishonest and fraudulent business practices exist in transactions involving the sale of, or offer to sell, cigarettes in the wholesale and retail trades in this state and are demoralizing and disorganizing the said trades.

Offering for sale, or sale of cigarettes below cost in the wholesale and retail trade is declared by the legislature to have the intent or effect of injuring a competitor, destroying or lessening competition, and is deemed an unfair and deceptive business practice and an unfair method of competition.

Such practices affect collection of taxes and license fees imposed on ~~distributors, wholesalers, retailers,~~ and persons engaged in the sale of cigarettes.

It is hereby declared to be the policy of the state of Minnesota and the purposes of sections 325D.30 to 325D.42 to protect the public by prohibiting such sales.

Sec. 79. Minnesota Statutes 1986, section 325D.32, subdivision 4, is amended to read:

Subd. 4. "Wholesaler" means and includes any person who acquires cigarettes for the purpose of sale to retailers or to other persons for resale, and who maintains an established place of business when any part of the business is the sale of cigarettes at wholesale to persons licensed to sell cigarettes by the state or any municipality, and where at all times a stock of cigarettes is available to retailers for resale, or any cigarette manufacturer or manufacturer's representative who sells to retailers or to other persons for resale, and any person defined as a "distributor" under section 297.01, subdivision 7. The term "wholesaler" shall also include a "subjobber" as defined by section 297.01, subdivision 14. This subdivision does not prohibit any person from engaging in business as a retailer as defined in subdivision 5.

Sec. 80. Minnesota Statutes 1986, section 325D.32, subdivision 10, is amended to read:

Subd. 10. (1) "Cost to wholesaler" means the basic cost of the cigarettes, before deducting manufacturer's timely payment and stamping discounts and any other discounts or rebates, plus the cost of doing business by the wholesaler, as defined in sections 325D.30 to 325D.42.

(2) The cost of doing business by the wholesaler is presumed to be four percentum of the basic cost of said cigarettes, plus cartage to the retail outlet, if furnished or paid for by the wholesaler, in the absence of proof of a lesser or higher cost, ~~except that the cost of doing business by the wholesaler is two percent of the basic cost of said cigarettes, when such cigarettes are sold to a wholesaler, in the absence of proof of a lesser or a higher cost.~~ Such cartage cost is presumed to be one-half of one percent of the basic cost of the cigarettes in the absence of proof of a lesser or higher cost.

(3) Wholesalers may substitute actual cost of doing business for presumed cost of doing business if a statement of proof of actual cost of doing business is submitted to the commissioner before any offer of sale of cigarettes at prices based on actual cost of doing business. The statement must be based on current financial records, as used for income tax purposes, and is subject to review and rejection by the commissioner.

Sec. 81. Minnesota Statutes 1986, section 325D.32, subdivision 11, is amended to read:

Subd. 11. (1) "Cost of the retailer" means the basic cost of the cigarettes involved to the retailer plus the cost of doing business by the retailer as defined in sections 325D.30 to 325D.42.

(2) The cost of doing business by the said retailer is presumed to be eight percentum of the basic cost of cigarettes in the absence of proof of a lesser or a higher cost.

~~(3) If any retailer in connection with the purchase of any cigarettes shall receive the discounts ordinarily allowed upon purchases by a retailer and in whole or in part discounts ordinarily allowed upon purchases by a wholesaler, the cost of doing business by the retailer with respect to the said cigarettes shall be, in the absence of a lesser or a higher cost of doing business, the sum of the cost of doing business by the retailer and; to the extent that the retailer shall have received the full discounts allowed to a wholesaler, the cost of doing business by a wholesaler as defined in subdivision 10, clause (2)~~ (2) Retailers may substitute actual cost of doing business for presumed cost of doing business if a statement of proof of actual cost of doing business is submitted to the commissioner before any offer of sale of cigarettes at prices based on actual cost of doing business. The statement must be based on current financial records, as used for income tax purposes, and is subject to review and rejection by the commissioner.

(4) If a retailer qualifies for the purchase of cigarettes as manufacturer's price to wholesaler and ultimately sells the cigarettes at retail, the cost of doing business by the retailer with respect to the cigarettes shall be, in the absence of showing of a lesser or higher cost of doing business, the sum of the cost of doing business by the wholesaler, as defined in subdivision 10, paragraph (2), and the cost of doing business by the retailer, as defined in paragraph (2) of this subdivision.

Sec. 82. Minnesota Statutes 1986, section 325D.32, subdivision 12, is amended to read:

Subd. 12. "Subjobber" means any person who buys stamped cigarettes and normally sells them to persons other than ultimate consumers, and any licensed distributor who delivers to and sells or distributes stamped cigarettes from a place of business other than that for which the distributor has obtained a distributor's license; who does not use a distributor's license for any plan or scheme to circumvent the Minnesota unfair cigarette sales act or any other law relating to the sale of cigarettes, who does not use such subjobber's license for the principal purpose of selling cigarettes to retail cigarette licensees in which such subjobber has an ownership interest, and who sells at least 75 percent of total cigarette volume to retail outlets in which the subjobber has no more than a ten percent ownership interest, directly or indirectly, and who sells to at least 25 retail customers. Notwithstanding the foregoing, "subjobber" shall also mean any person who is a vending machine operator. A vending machine operator is any person whose principal business is operating, or owning and leasing to operators, machines for the vending of merchandise or service.

Sec. 83. Minnesota Statutes 1986, section 325D.33, subdivision 1, is amended to read:

Subdivision 1. It shall be unlawful for any wholesaler, ~~subjobber~~ or retailer to offer to sell, or sell, at wholesale or retail, cigarettes at less than cost to such wholesaler, ~~subjobber~~ or retailer, as the case may be, as defined in sections 325D.30 to 325D.42 for the purpose or with the effect of injuring a competitor or destroying competition, or for a retailer to induce or to attempt to induce a wholesaler or ~~subjobber~~ to violate the provisions of the Minnesota unfair cigarette sales act. Any wholesaler, ~~subjobber~~ or retailer who violates the provisions of this section shall be guilty of a misdemeanor.

Sec. 84. Minnesota Statutes 1986, section 325D.33, subdivision 2, is amended to read:

Subd. 2. Evidence of advertisement, offering to sell or sale of cigarettes by any wholesaler, ~~subjobber~~ or retailer at less than cost as defined by sections 325D.30 to 325D.42 shall be prima facie evidence of a violation of sections 325D.30 to 325D.42 in civil cases.

Sec. 85. Minnesota Statutes 1986, section 325D.33, is amended by adding a subdivision to read:

Subd. 3. [REBATES OR CONCESSIONS.] It is unlawful for a wholesaler to offer a rebate in price, to give a rebate in price, to offer a concession of any kind, or to give a concession of any kind in connection with the sale of cigarettes. For purposes of this chapter, the term discount is included in the definition of a rebate.

Sec. 86. Minnesota Statutes 1986, section 325D.33, is amended by adding a subdivision to read:

Subd. 4. [WHOLESALE TO PRESERVE COPIES OF INVOICES.] Every person who sells cigarettes to persons other than the ultimate consumer shall prepare for each sale itemized invoices showing the seller's name and address, the purchaser's name and address, the date of sale, and all prices and shall keep legible copies of them for one year from the date of sale.

Sec. 87. Minnesota Statutes 1986, section 325D.33, is amended by adding a subdivision to read:

Subd. 5. [COMMISSIONER'S REFUSAL TO LICENSE.] The commissioner may refuse to grant a cigarette distributor or subjobber license to any person who violates the provisions of sections 325D.30 to 325D.42, or any other law applicable to the sale of cigarettes, or any rule adopted by the commissioner for the enforcement or regulation of the sale of cigarettes.

Sec. 88. Minnesota Statutes 1986, section 325D.38, subdivision 1, is amended to read:

Subdivision 1. [COST TO WHOLESALE AND RETAILERS.] In determining cost to the wholesaler and cost to the retailer the court shall receive and consider as bearing on the bona fides of such cost, evidence that any person complained against under any of the provisions of sections 325D.30 to 325D.42 purchased or sold the cigarettes involved in the complaint before the court, at a fictitious price, or upon terms, or in such a manner, or under such invoices, as to conceal the true cost, discounts, or terms of purchase, and shall also receive and consider as bearing on the bona fides of such cost, evidence of the normal, customary and prevailing terms and discounts in connection with other sales of a similar nature in the trade area or state or sale.

Sec. 89. Minnesota Statutes 1986, section 325D.40, subdivision 1, is amended to read:

Subdivision 1. Any corporation, partnership, trade association, or any person or persons who would suffer injury from any threatened

violation of sections 325D.30 to 325D.42 may maintain an action to enjoin such actual or threatened violation and proof of actual damages need not be alleged or proved in cases of threatened violation. If a violation or threatened violation of the Minnesota unfair cigarette sales act shall be established, the court shall enjoin such violator or threatened violator, and, in addition thereto, the court shall assess in favor of the plaintiff and against defendant the injuries of the suit including reasonable attorneys fees. Where alleged and proved, the plaintiff, in addition to such injunctive relief and cost of suit including reasonable attorneys fees, shall be entitled to recover from defendant the actual damages sustained.

Sec. 90. Minnesota Statutes 1986, section 349.12, subdivision 11, is amended to read:

Subd. 11. "Lawful purpose" means one or more of the following: (a) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; or (d) the improving, expanding, maintaining or repairing real property owned or leased by an organization; or (e) payment of taxes imposed by this chapter, and imposed by the United States on receipts from lawful gambling.

"Lawful purpose" does not include the erection or acquisition of any real property, unless the board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in this clause.

Sec. 91. Minnesota Statutes 1986, 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 prizes and taxes imposed by this chapter.

Sec. 92. Minnesota Statutes 1986, 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 purchased and placed into inventory after January 1, 1987, conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and



all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

On all lawful gambling, other than pull-tabs purchased and placed into inventory after January 1, 1987, 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. 93. Minnesota Statutes 1986, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB TAX.] (a) 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 349.2121 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 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs are delivered by the distributor to the licensed or exempt organization, to a common or contract carrier for delivery to the organization, or when received by the organization's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

If a licensed organization or any organization holding an exemption number receives pull-tabs directly from the manufacturer and the manufacturer is not a licensed distributor, the distributor from whom the pull-tabs were purchased is liable for tax when the manufacturer delivers the pull-tabs to the organization, or to a contract or common carrier for delivery to the organization, or when the pull-tabs are received by the organization's authorized representative at the manufacturer's place of business, regardless of the manufacturer's or the distributor's method of accounting or the terms of the sale.

(c) The exemptions contained in section 349.214, subdivision 2, paragraph (b) do not apply to the tax imposed in this subdivision.

Sec. 94. Minnesota Statutes 1986, section 349.2121, subdivision 4, is amended to read:

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. The tax must be reported on a form prescribed by the commissioner.

Sec. 95. Minnesota Statutes 1986, section 349.2121, is amended by adding a subdivision to read:

Subd. 4a. [REFUND.] If any deal of pull-tabs registered with the board and upon which the tax imposed by section 349.212, subdivision 4, has been paid is returned unplayed to the distributor, the commissioner of revenue shall allow a refund of the tax paid.

In the case of a defective deal registered with the board and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be in a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs have been set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision shall be made at the time and in the manner prescribed by the commissioner.

Sec. 96. Minnesota Statutes 1986, section 349.2121, subdivision 6, is amended to read:

Subd. 6. [COLLECTIONS; CIVIL PENALTIES.] (1) 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~~ section 297A.39, and the additional tax and penalties are subject to interest at the rate provided in section 270.75.

(2) If any part of any additional assessment is due to negligence or intentional disregard of the provisions of this chapter or rules of the commissioner of revenue (but without intent to defraud), there shall be added to the tax an amount equal to ten percent of the additional assessment. The amount of the tax together with this amount shall

bear interest at the rate stated in section 270.75 from the time the tax should have been paid until paid.

Sec. 97. Minnesota Statutes 1986, section 349.2121, subdivision 7, is amended to read:

Subd. 7. [RULES.] The commissioner ~~shall~~ may adopt rules, including emergency rules, for the administration and enforcement of this section and section 349.212, subdivision 4.

Sec. 98. Minnesota Statutes 1986, section 349.2121, is amended by adding a subdivision to read:

Subd. 8. [PAYMENT OF TAX PENDING APPEAL.] When a taxpayer appeals any liability assessed under this chapter to the tax court, and the amount in dispute is more than \$6,000, the entire amount of the tax, penalty, and interest assessed by the commissioner shall be paid at the time it is due unless permission to continue prosecution of the petition without payment is obtained as provided in this subdivision. The petitioner, upon ten days notice to the commissioner, may apply to the court for permission to continue prosecution of the petition without payment, and, if it is made to appear:

(1) that the proposed review is to be taken in good faith;

(2) that there is probable cause to believe that the taxpayer may be held exempt from payment of the liability or that the liability may be determined to be less than 50 percent of the amount due; and

(3) that it would work a substantial hardship upon petitioner to pay the liability,  
the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and the proceedings under it unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 99. Minnesota Statutes 1986, section 349.2121, is amended by adding a subdivision to read:

Subd. 9. [PERSONAL DEBT; LIEN.] The tax imposed by section 349.212 and interest and penalties imposed with respect to it, shall be a personal debt of the person required to file a return from the time the liability for it arises, irrespective of when the time for payment of the liability occurs. The debt shall, in the case of the

executor or administrator of the estate of a decedent and in the case of any fiduciary, be that of the person in the person's official or fiduciary capacity only unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person shall be personally liable for any deficiency.

Sec. 100. Minnesota Statutes 1986, section 349.2121, is amended by adding a subdivision to read:

Subd. 10. [REFUNDS.] A person who has, under this chapter, paid to the commissioner an amount of tax for any period in excess of the amount legally due for that period, may file with the commissioner of revenue a claim for a refund of the excess.

Sec. 101. Minnesota Statutes 1986, section 349.2121, is amended by adding a subdivision to read:

Subd. 11. [UNTAXED PULL-TABS.] It is a gross misdemeanor for any person to possess pull-tabs for resale in this state that have not been registered with the board, for which a registration stamp has not been affixed to the flare, and upon which the taxes imposed by section 349.212, subdivision 4, or chapter 297A have not been paid. The executive secretary of the charitable gambling control board or the commissioner of revenue or their designated inspectors and employees may seize in the name of the state of Minnesota any unregistered or untaxed pull-tabs.

Sec. 102. [349.2122] [MANUFACTURERS; REPORTS TO THE COMMISSIONER; PENALTY.]

A manufacturer registered with the board who sells pull-tabs to a distributor licensed by the board must file with the commissioner of revenue, on a form prescribed by the commissioner, a report of pull-tabs sold to licensed distributors. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. Any person violating this section shall be guilty of a misdemeanor.

Sec. 103. [349.2123] [CERTIFIED PHYSICAL INVENTORY.]

The commissioner of revenue may, upon request, require a pull-tab distributor to furnish a certified physical inventory of the pull-tabs in stock. The inventory must contain the information required by the commissioner.

Sec. 104. [349.2124] [SALES TO INDIAN TRIBES.]

A distributor may set aside that part of the distributor's stock necessary for the conduct of business in making sales to the

established governing body of any Indian tribe recognized by the United States Department of Interior. A distributor shall, when shipping or delivering any stock to an Indian tribal organization, make a true duplicate invoice showing the complete details of the sale or delivery and shall keep the duplicate.

Sec. 105. Minnesota Statutes 1986, section 360.531, subdivision 2, is amended to read:

Subd. 2. [RATE.] The tax shall be at the rate of one percent of value; provided that the minimum tax on an aircraft subject to the provisions of sections 360.511 to 360.67 shall not be less than 25 percent of the tax on said aircraft computed on its base price or ~~\$10~~ \$50 whichever is the higher.

Sec. 106. Minnesota Statutes 1986, section 477A.018, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, a county may by resolution, and a town may by vote at its annual meeting, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground. The tax authorized by this subdivision applies to transient lodging at colleges and universities.

Sec. 107. Minnesota Statutes 1986, section 477A.018, subdivision 2, is amended to read:

Subd. 2. [EXISTING TAXES.] No statutory or home rule charter city, county, or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of three percent.

Sec. 108. Minnesota Statutes 1986, section 477A.018, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION OF PROCEEDS.] Ninety-five percent of the gross proceeds from any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city, county, or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city, county, or town as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city, county, or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 109. Minnesota Statutes 1986, section 477A.018, is amended by adding a subdivision to read:

Subd. 4a. [COUNTIES.] A county board may impose a county lodging tax by resolution in the manner prescribed by subdivision 4 relating to unorganized territories. The tax may apply on a countywide basis except that it shall not apply to any statutory or home rule charter city or town that has imposed a tax under subdivision 1 or subdivision 4 or that subsequently imposes a tax under subdivision 1 or subdivision 4, after the county has imposed a lodging tax.

Sec. 110. Minnesota Statutes 1986, section 477A.018, subdivision 6, is amended to read:

Subd. 6. [JOINT POWERS AGREEMENTS.] Any statutory or home rule charter city, town, or county when the county board is acting as either a town board with respect to an unorganized territory, or as a county board, may enter into a joint exercise of powers agreement pursuant to section 471.59 for the purpose of imposing the tax and disposing of its proceeds pursuant to this section.

Sec. 111. Laws 1985, First Special Session chapter 14, article 3, section 18, is amended to read:

Sec. 18. [EFFECTIVE DATE.]

Section 3 and section 4, paragraph (d), are effective beginning with taxes assessed in 1987 1990 and payable in 1988 1991 and thereafter. Sections 2, 4, paragraph (c), 5 to 12, and 14 are effective beginning with taxes assessed in 1985 and payable in 1986 and thereafter. Sections 15 and 16 are effective the day after final enactment. The change in the classification ratio for employment property in section 9 does not modify the required amount of local contribution for enterprise zones, approved prior to enactment of this act, that provide local contributions in lieu of the employment classification for projects already approved.

Sec. 112. [FLOOR STOCKS TAX.]

Subdivision 1. [CIGARETTES.] A floor stocks tax is imposed upon every person engaged in business in this state as a distributor of cigarettes on cigarettes in the person's possession or under the person's control at 12:01 a.m. on July 1, 1987, at the following rates, subject to the discount provided in Minnesota Statutes, section 297.03:

(1) on cigarettes weighing not more than three pounds a thousand, 7½ mills on each cigarette;

(2) on cigarettes weighing more than three pounds a thousand, 15 mills on each cigarette.

Each distributor, by July 20, 1987, shall file a report with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 1987, and the amount of tax due on them. The tax imposed by this section less the discount provided in Minnesota Statutes, section 297.03, subdivision 5, is due and payable by August 20, 1987, and thereafter bears interest at the rate of one percent a month.

Subd. 2. [TOBACCO PRODUCTS.] A floor stocks tax is imposed upon every person engaged in business in this state as a distributor of tobacco products, at the rate of ten percent of the wholesale sales price of each tobacco product in the person's possession or under the person's control at 12:01 a.m. on July 1, 1987. Each distributor, by July 20, 1987, shall file a report with the commissioner, in the form the commissioner prescribes, showing the tobacco products on hand at 12:01 a.m. on July 1, 1987, and the amount of tax due on them. The tax imposed by this section less the discount provided in Minnesota Statutes, section 297.35, subdivision 1, is due and payable by August 20, 1987, and thereafter bears interest at the rate of one percent a month.

#### Sec. 113. [APPROPRIATIONS.]

The following funds appropriated in this section are in recognition of reduced general fund spending for the biennium ending June 30, 1989, pursuant to the provisions of sections 12 and 17:

(1) \$4,000,000 is appropriated to the commissioner of revenue from the general fund for the biennium ending June 30, 1989. This amount is to be used by the commissioner to provide grants and other assistance to counties for the purpose of developing, upgrading, and maintaining county property tax administrative data collection and processing systems.

(2) \$10,000,000 must be used for the purpose of funding the appropriation under section 477A.03 to pay local government aids for the biennium ending June 30, 1989.

(3) \$600,000 is appropriated for the biennium ending June 30, 1989, from the general fund to the tax study commission.

#### Sec. 114. [REPEALER.]

(a) Minnesota Statutes 1986, sections 296.04, subdivisions 1, 2, 3, and 4; 296.05; 296.07; 296.13; 296.17, subdivision 12; 296.18, subdivisions 4, 5, 6, and 7; 296.22; 296.28; 297.07, subdivision 6;

297.23, subdivision 5; 297.35, subdivisions 4, 6, and 7; 297C.03, subdivisions 2 and 3; and 297C.05, subdivision 4, are repealed.

(b) Minnesota Statutes 1986, section 325D.41, is repealed.

(c) Laws 1985, First Special Session chapter 14, article 14, section 3, is repealed.

(d) Minnesota Statutes 1986, sections 295.32, 295.33, 295.34, 295.36, 295.365, and 295.366, are repealed.

Sec. 115. [EFFECTIVE DATE.]

Sections 1 to 6, 10, 17, 25 to 77, 93, 95 to 110, and 114, paragraph (a), are effective July 1, 1987. Sections 7, 92, and 94, are effective January 1, 1987. Sections 18 to 24, 111, and 114, paragraph (c), are effective for tax years after December 31, 1986. Sections 8 and 9 are effective for taxes levied in 1987, payable in 1988, and thereafter. Sections 11 to 16 are effective for instruments recorded after June 30, 1987. Sections 78 to 89 and 114, paragraph (b), are effective the day following final enactment. Section 112 is effective for cigarettes and tobacco products in the possession of distributors, as defined in Minnesota Statutes, section 297.01, subdivision 7, on July 1, 1987. Section 114, paragraph (d), is effective beginning calendar year 1993."

Delete the title and insert:

"A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the methods of administering, collecting, and enforcing taxes; changing the computation, administration, and payment of aids, credits, and refunds; imposing taxes; limiting taxing powers; transferring governmental powers and duties; allocating bonding authority; making entitlement allocations to the cities of Minneapolis and St. Paul; making technical corrections and clarifications; imposing and increasing fees, interest, and penalties; appropriating money; amending Minnesota Statutes 1986, sections 16A.15, subdivisions 1 and 6; 16A.1541; 16A.26; 16A.275; 60A.13, subdivision 1a; 60A.15, subdivision 1; 60A.199, subdivisions 1, 2, 3, 5, 7, 8, 9, 10, and 11; 60A.209, subdivisions 1 and 3; 60A.24; 60C.06, by adding a subdivision; 64B.39, subdivision 4; 67A.11, subdivision 3; 69.011, subdivisions 1 and 2; 69.021, subdivisions 1, 2, and 3; 69.54; 69.55; 79.34, subdivision 1, and by adding a subdivision; 88.49, by adding a subdivision; 121.904, subdivisions 11a and 11b; 124.195, subdivision 2; 124.2131, subdivisions 1, 2, 3, 5, 6, 7, 8, and 11; 124.38, subdivision 8; 124A.02, subdivisions 3a and 8; 124A.035, subdivision 5; 124A.08, subdivision 5; 134.33, subdivision 1; 134.34, subdivisions 1 and 2; 176.129, by adding a subdivision; 176A.08; 239.10; 270.066; 270.074, subdivision 3; 270.075, subdivision 1; 270.10, subdivisions 1 and 4; 270.11, subdivisions 1 and 2; 270.12, subdivisions 2 and 3; 270.13;



270.72, subdivisions 1 and 2; 270.77; 270.80, subdivision 2; 270.87; 270A.07, subdivision 1; 271.21, subdivision 2; 272.01, subdivisions 2 and 3; 272.02, subdivision 1, and by adding a subdivision; 272.115, subdivision 2; 273.061, subdivisions 1 and 8; 273.065; 273.11, by adding a subdivision; 273.1102; 273.1103; 273.12; 273.13, subdivision 22; 273.1312, subdivision 4; 273.1313, subdivisions 1, 2, and by adding a subdivision; 273.1314, subdivisions 8, 9, 10, and by adding a subdivision; 273.1392; 273.1393; 273.19, subdivisions 1, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 274.14; 274.16; 275.07, subdivision 1; 275.125, subdivisions 9, 9b, and 15; 275.51, subdivision 3h; 276.04; 276.11; 277.01; 278.05, subdivision 4; 279.01, subdivision 1; 282.014; 282.02; 282.33, subdivision 1; 287.05, subdivision 1; 287.09; 287.12; 287.21, subdivision 1; 287.22; 287.25; 287.29, subdivision 1; 290.01, subdivisions 4, 5, 7, 19, 20, 22, and by adding subdivisions; 290.02; 290.03; 290.032, subdivisions 1 and 2; 290.05, subdivisions 1, 2, and 3; 290.06, subdivisions 1, 2c, 2d, and by adding a subdivision; 290.068, subdivisions 1, 2, 3, 4, and 5; 290.069, subdivisions 2a and 4b; 290.077, subdivision 1; 290.081; 290.091, subdivisions 1, 2, and 3; 290.095, subdivisions 1, 2, 3, 4, 7, 9, and 11; 290.12, subdivision 2; 290.131, subdivision 1; 290.132, subdivision 1; 290.133, subdivision 1; 290.134, subdivision 1; 290.135, subdivision 1; 290.136, subdivision 1; 290.138, subdivision 3; 290.14; 290.17; 290.171; 290.20, subdivision 1, and by adding a subdivision; 290.21, subdivisions 3 and 4; 290.23, subdivisions 3 and 5; 290.31, subdivisions 2, 3, 5, and by adding a subdivision; 290.34, subdivision 2; 290.35; 290.36; 290.37, subdivisions 1 and 3; 290.38; 290.39, subdivision 3; 290.41, subdivisions 2 and 3; 290.42; 290.45, subdivisions 1 and 2; 290.46; 290.48, subdivision 10; 290.491; 290.50, subdivision 1; 290.53, subdivisions 1, 2, 3a, 4, and by adding subdivisions; 290.56, subdivisions 2, 3, and 4; 290.92, subdivisions 2a, 4a, 5, 5a, 6, 7, 9, 11, 12, 13, 14, 15, 18, 24, and 25; 290.93, subdivision 10; 290.934, subdivision 2; 290.9725; 290.9726, subdivisions 1, 2, and 4; 290.974; 290A.03, subdivisions 3, 8, and by adding a subdivision; 290A.04, subdivision 2; 290A.06; 290A.011, subdivision 2; 290A.18; 290A.19; 291.131, subdivisions 1, 2, 4, and by adding a subdivision; 295.01, subdivision 10; 295.32; 295.34, subdivision 1; 295.39; 295.40; 295.41; 295.43; 296.02, subdivision 2, and by adding a subdivision; 296.025, subdivision 2, and by adding a subdivision; 296.17, subdivisions 3, 7, and 11; 296.18, subdivision 7; 297.01, subdivisions 2, 4, 7, and 10; 297.02, subdivisions 1 and 6; 297.03, subdivisions 1, 5, and 6; 297.04, subdivisions 4, 6, and 9; 297.07, subdivisions 1, 3, 4, and 5; 297.11, subdivisions 3 and 5; 297.23, subdivision 1; 297.31, subdivisions 2, 3, and 7; 297.32, subdivisions 1, 2, and 8; 297.33, subdivisions 4 and 5; 297.35, subdivisions 1, 3, 5, and 8; 297.36; 297A.01, subdivisions 3, 4, 8, and 15; 297A.14; 297A.151; 297A.18; 297A.211, subdivision 2; 297A.25, subdivisions 7, 11, 12, and by adding subdivisions; 297A.256; 297A.26, subdivision 1; 297A.27, subdivision 1; 297A.275; 297A.39, subdivisions 1, 2, 4, and by adding a subdivision; 297A.43; 297B.01, subdivision 8; 297B.10; 297C.03, subdivision 1, and by adding a subdivision; 297C.04; 297C.05, subdivision 2; 297C.06; 297C.09; 297D.02; 297D.07; 297D.09; 297D.10; 297D.12,

subdivision 1; 297D.13; 298.01, subdivision 1, and by adding subdivisions; 298.026; 298.027; 298.028, subdivision 1; 298.03, subdivision 1; 298.031, subdivision 2; 298.08; 298.09, subdivision 1; 298.25; 298.28, subdivision 4; 299F.21, subdivisions 1, 2, and by adding subdivisions; 325D.30; 325D.32, subdivisions 4, 10, 11, and 12; 325D.33, subdivisions 1, 2, and by adding subdivisions; 325D.38, subdivision 1; 325D.40, subdivision 1; 349.12, subdivisions 11 and 13; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4, 6, 7, and by adding subdivisions; 360.531, subdivision 2; 462C.11, subdivisions 2 and 3; 473.556, subdivision 4; 473F.02, subdivision 12; 474A.02, subdivisions 1, 2, 3, 6, 7, 8, 12, 14, 16, 18, 19, 21, 26, and by adding subdivisions; 474A.03, subdivision 1, and by adding a subdivision; 474A.04, subdivisions 5, 6, and by adding a subdivision; 474A.13, subdivisions 1, 4, and 5; 474A.14; 474A.15; 474A.16; 474A.17; 474A.18; 474A.20; 474A.21; 475.53, subdivision 4; 477A.012, subdivision 1; 477A.013; 477A.018, subdivisions 1, 2, 3, 6, and by adding a subdivision; Laws 1985, First Special Session chapter 14, article 3, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 239; 270; 272; 273; 276; 290; 290A; 294; 297; 297A; 297C; 298; 349; 429, and 474A; repealing Minnesota Statutes 1986, sections 60A.15, subdivision 2; 61A.49; 62E.13, subdivision 9; 64B.24; 69.021, subdivision 3a; 124.38, subdivision 10; 270.75, subdivision 8; 270.89; 282.021; 290.01, subdivisions 20a, 20b, 20d, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.068, subdivision 6; 290.069, subdivisions 1, 2, 3, 5, 6, and 7; 290.07, subdivision 5; 290.071; 290.073; 290.075; 290.077, subdivision 3; 290.079; 290.08; 290.082; 290.085; 290.088; 290.089; 290.09; 290.095, subdivisions 8 and 10; 290.12, subdivision 4; 290.13; 290.139; 290.15; 290.16; 290.165; 290.175; 290.18; 290.19; 290.21, subdivisions 5, 6, and 8; 290.26, subdivision 2; 290.361; 290.9726, subdivisions 3, 5, and 6; 290A.04, subdivisions 2e and 2g; 294.21; 294.22; 294.23; 294.24; 294.25; 294.26; 295.32; 295.33; 295.34; 295.36; 295.365; 295.366; 296.04, subdivisions 1, 2, 3, and 4; 296.05; 296.07; 296.13; 296.17, subdivision 12; 296.18, subdivision 4, 5, 6, and 7; 296.22; 296.28; 297.07, subdivision 6; 297.23, subdivision 5; 297.35, subdivisions 4, 6, and 7; 297A.25, subdivisions 13, and 19; 297A.26, subdivision 3; 297C.03, subdivisions 2 and 3; 297C.05, subdivision 4; 298.01, subdivision 1; 298.02; 298.026; 298.027; 298.028; 298.03; 298.031; 298.04; 298.28, subdivision 14; 298.40; 298.51; 298.52; 298.53; 298.54; 298.55; 298.61; 298.62; 298.63; 298.64; 298.65; 298.66; 298.67; 299.01; 299.012; 299.013; 299.02; 299.03; 299.04; 299.05; 299.06; 299.07; 299.08; 299.09; 299.10; 299.11; 299.12; 299.13; 299.14; 325D.41; 360.654; 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19; Laws 1981, chapters 222, section 6; 223, section 6, subdivision 3; Laws 1985, First Special Session chapter 14, article 14, section 3; Laws 1986, First Special Session chapter 1, article 5, section 8."

With the recommendation that when so amended the bill pass.

Schreiber moved that the report from the Committee on Taxes on H. F. No. 529 be rejected and that the bill be returned to committee.

A roll call was requested and properly seconded.

The question was taken on the Schreiber motion and the roll was called. There were 48 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Bennett	Frederick	Marsh	Pauly	Sviggum
Bishop	Frerichs	McDonald	Poppenhagen	Swenson
Blatz	Gruenes	McKasy	Quist	Thiede
Boo	Gutknecht	McPherson	Redalen	Tjornhom
Burger	Hartle	Miller	Richter	Tompkins
Carlson, D.	Haukoos	Morrison	Rose	Uphus
Clausnitzer	Heap	Olsen, S.	Schafer	Valento
Dempsey	Himle	Omann	Schreiber	Waltman
Dille	Hugoson	Onnen	Seaberg	
Forsythe	Johnson, V.	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Jaros	Lasley	Orenstein	Segal
Battaglia	Jefferson	Lieder	Osthoff	Simoneau
Bauerly	Jennings	Long	Otis	Skoglund
Beard	Jensen	McEachern	Pappas	Solberg
Begich	Johnson, A.	McLaughlin	Pelowski	Sparby
Bertram	Johnson, R.	Milbert	Peterson	Steensma
Brown	Kahn	Minne	Price	Trimble
Carlson, L.	Kalis	Munger	Reding	Tunheim
Carruthers	Kelly	Murphy	Rest	Vanasek
Clark	Kelso	Nelson, C.	Rice	Voss
Cooper	Kinkel	Nelson, D.	Riveness	Wagenius
Dauner	Kludt	Nelson, K.	Rodosovich	Welle
DeBlicke	Knuth	Neuenschwander	Rukavina	Wenzel
Dorn	Kostohryz	Ogren	Sarna	Wynia
Greenfield	Krueger	Olson, E.	Scheid	Spk. Norton
Jacobs	Larsen	Olson, K.	Schoenfeld	

The motion did not prevail.

The question recurred on the adoption of the Committee Report from the Committee on Taxes relating to H. F. No. 529. The Committee Report on H. F. No. 529 was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 549, A bill for an act relating to retirement; increasing survivor benefits payable by the Hibbing police and firefighters relief associations and service pensions for certain retired firefighters; amending Laws 1967, chapter 678, section 2, as amended; Laws 1977, chapter 169, section 1, subdivision 1a, as amended; and Laws 1971, chapter 614, section 1, subdivision 2, as amended.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 569, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and waysides; abolishing Old Crossing Treaty State Wayside and Rice Lake State Wayside; amending Minnesota Statutes 1986, section 85.012, subdivision 57; repealing Minnesota Statutes 1986, sections 85.013, subdivisions 19 and 21a; and 138.55, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 43A.38, subdivision 2, is amended to read:

Subd. 2. [ACCEPTANCE OF GIFTS; FAVORS.] Employees in the executive branch in the course of or in relation to their official duties shall not directly or indirectly receive or agree to receive any payment of expense, compensation, gift, reward, gratuity, favor, service or promise of future employment or other future benefit from any source, except the state for any activity related to the duties of the employee unless otherwise provided by law. However, the acceptance of any of the following shall not be a violation of this subdivision:

(a) Gifts of nominal value or gifts or textbooks which may be accepted pursuant to section 15.43.

(b) Plaques or similar mementos recognizing individual services in a field of specialty or to a charitable cause.

(c) Payment of reimbursement expenses for travel or meals, not to exceed actual expenses incurred, which are not reimbursed by the state and which have been approved in advance by the appointing authority as part of the work assignment.

(d) Honoraria or expenses paid for papers, talks, demonstrations or appearances made by employees on their own time for which they are not compensated by the state.

(e) Tips received by employees engaged in food service and room cleaning at restaurant and lodging facilities in Itasca state park.

Sec. 2. [NATURAL RESOURCES; ADDITIONS TO CERTAIN STATE PARKS.]

Subdivision 1. The lands described in this section are, as specified in this section, added to or deleted from the boundaries of the state parks designated in this section. The commissioner of natural resources is authorized to acquire by gift, purchase, or, if authorized by law, by condemnation proceedings the lands as described which are added. Any land which now is or hereafter becomes tax-forfeited land and is located within the described park boundaries is withdrawn from sale and is transferred from the custody, control, and supervision of the county board of the county to the commissioner of natural resources, free from any trust in favor of the interested taxing districts. The commissioner shall execute a certificate of acceptance of the lands on behalf of the state for these purposes and transmit it to the county auditor of the county for record as provided by law in the case of tax-forfeited land transferred to the commissioner by resolution of the county board for conservation purposes. Any land within the herein described boundaries which may be owned by the United States and managed by any of its agents may be acquired by land exchange, direct transfer, or purchase as federal laws may prescribe. The lands acquired pursuant to this section shall be administered in the same manner as provided for other state parks and shall be perpetually dedicated for this use.

Subd. 2. [85.012] [Subd. 23] [GLACIAL LAKES STATE PARK, POPE COUNTY.] The following area is added to Glacial Lakes State Park: The Southeast Quarter, the East Half of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter, and the Northeast Quarter of the Southwest Quarter, the Northwest Quarter, the Northwest Quarter of the Northeast Quarter of Section 19; that part of the Southwest Quarter of Section 20 lying westerly of County State Aid Highway 13; the East Half and the Northwest Quarter of Section 30; all in Township 124 North, Range 38 West.

The East 8.0 chains of the Northwest Quarter of the Northwest Quarter, the Northeast Quarter of the Northwest Quarter, and the Southeast Quarter of the Northwest Quarter excepting the South 250 feet thereof of Section 25, Township 124 North, Range 39 West.

Subd. 3. [85.012] [Subd. 52] [SCENIC STATE PARK, ITASCA COUNTY.] The following area is added to Scenic State Park: Lots 1 and 2 of AUDITOR'S SUBDIVISION NO. 25, the Northeast Quarter of the Southeast Quarter, the Southeast Quarter of the Southeast Quarter, and Government Lot 8, Section 7, Township 60 North, Range 25 West of the 4th Principal Meridian.

Sec. 3. Minnesota Statutes 1986, section 85.012, subdivision 57, is amended to read:

Subd. 57. Tower Soudan Underground Mine state park, St. Louis county.

Sec. 4. [85.013] [Subd. 19] [OLD CROSSING TREATY STATE WAYSIDE; TRANSFER OF LANDS; ABOLISHMENT.] The commissioner of natural resources, in the name of the state, may quitclaim and convey the following described state lands included in Old Crossing Treaty State Wayside to the entities named below on the conditions specified:

(a) To Red Lake county, on the conditions that the county agrees (1) to operate and maintain the same as a public park, (2) to designate the same as an historic site, and (3) to continue to maintain and operate nonmotorized trails existing on the lands at the time of transfer; That part of Government Lot 1 of Section 28 lying westerly of the Black River except that part used for public highways and also except that part described as follows: Commencing at the northwest corner of the tract described in Book 42 of Deeds, page 238, running thence South along the westerly line of said tract 174 feet; thence East and parallel with the north line of said tract 121 feet; thence North and parallel with the west line of said tract 174 feet to the north line; thence West on said north line 121 feet to place of beginning; that part of Government Lot 2 of Section 28 which lies southeasterly of the county road running across said government subdivision and southwesterly of the southwesterly line of Auditor's Lot "B" in said government lot; all of Government Lot 1 of Section 33; all in Township 151 North, Range 45 West. From money appropriated for park development, improvement, or betterment, the commissioner may grant up to \$10,000 to Red Lake county for development, improvement, or betterment of the lands so transferred to the county for park purposes.

(b) To the Board of Regents of the University of Minnesota, on the conditions that the regents agree (1) to operate and maintain the lands under the management of the Crookston campus for school forest and related purposes, and (2) to continue to maintain and operate nonmotorized trails existing on the lands at the time of transfer; Government Lot 3 of Section 28, Township 151 North, Range 45 West.

The lands shall be conveyed in the form that the attorney general shall prescribe and the conveyance shall contain a provision that the lands shall revert to the state in the event the county or the regents fail to maintain and operate the same for the purposes for which the lands were transferred. Notwithstanding this limitation, the county may convey not to exceed 7.0 acres to adjacent landowners for the purpose of resolving any boundary disputes that may exist on the effective date of this act.

Upon completion of the conveyances authorized by this section, the balance of the land remaining in the state wayside shall be designated, operated, and maintained as a state wildlife management area by the commissioner of natural resources. The commissioner shall allow nonmotorized trails on the lands designated as a wildlife management area in conjunction with trails on adjoining county land. Effective upon designation of the balance of the land as a wildlife management area by the commissioner, Old Crossing Treaty State Wayside is abolished, and sections 85.013, subdivision 19, and 138.55, subdivision 6, are repealed.

Sec. 5. [85.013] [Subd. 21a] [RICE LAKE STATE WAYSIDE, SCOTT COUNTY; EXCHANGE OF LAND; ABOLISHMENT.] The commissioner of natural resources may exchange state lands within Rice Lake State Wayside for land of the United States located within Glacial Lakes State Park for inclusion in Glacial Lakes State Park. Upon completion of the exchange, Rice Lake State Wayside is abolished, and Minnesota Statutes 1986, section 85.013, subdivision 21a, is repealed.

Sec. 6. [85.0505] [SALE OF WINE AT DOUGLAS LODGE IN ITASCA STATE PARK.]

Wine may be sold and consumed by the drink at the restaurant in Douglas Lodge in Itasca state park, subject to other laws relating to the sale of intoxicating liquor.

Sec. 7. [INSTRUCTIONS TO THE REVISOR.]

The revisor of statutes shall change the name of Tower Soudan state park to Soudan Underground Mine state park wherever it appears in Minnesota Statutes and renumber subdivision 57 of section 85.012 to the appropriate alphabetical location. Effective upon the repeal of sections 85.013, subdivision 19, and 138.55, subdivision 6, the revisor of statutes shall insert the following in section 138.56: "Subd. .... Old Crossing Treaty Site, owned by Red Lake county, located in Section 33, Township 151 North, Range 45 West."

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; authorizing acceptance of tips by food service and room cleaning employees at Itasca state park; authorizing additions to and deletions from certain state parks and waysides; abolishing Old Crossing Treaty State Wayside and Rice Lake State Wayside; authorizing sale and

consumption of wine by the drink at Douglas Lodge in Itasca state park; amending Minnesota Statutes 1986, sections 43A.38, subdivision 2; and 85.012, subdivision 57; proposing coding for new law in Minnesota Statutes, chapter 85; repealing Minnesota Statutes 1986, sections 85.013, subdivisions 19 and 21a; and 138.55, subdivision 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Otis from the Committee on Economic Development and Housing to which was referred:

H. F. No. 574, A bill for an act relating to manufactured homes; defining terms; prohibiting certain unilateral permanent physical improvements; clarifying the termination of a park lease for substantial annoyance to other residents; regulating park closings; requiring an impact report; providing for a public hearing; creating a right of first refusal; providing for a right to redeem possession for failing to comply with a rule; clarifying remedies; amending Minnesota Statutes 1986, sections 327C.01, by adding subdivisions; 327C.03, subdivision 3; 327C.05, subdivision 2; 327C.09, subdivisions 1 and 5, and by adding a subdivision; 327C.11, subdivision 2, and by adding a subdivision; and 327C.15; proposing coding for new law in Minnesota Statutes, chapter 327C; repealing Minnesota Statutes 1986, section 327C.09, subdivision 9.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 327C.01, is amended by adding a subdivision to read:

Subd. 1a. [CLOSURE STATEMENT.] "Closure statement" means a statement prepared by the park owner clearly stating that the park is closing, addressing the availability, location, and potential costs of adequate replacement housing within a 25-mile radius of the park that is closing and the probable relocation costs of the manufactured homes located in the park.

Sec. 2. Minnesota Statutes 1986, section 327C.01, is amended by adding a subdivision to read:

Subd. 1b. [DISPLACED RESIDENT.] "Displaced resident" means a resident of an owner-occupied manufactured home who rents a lot in a manufactured home park, including the members of the resident's household, as of the date the park owner submits a closure statement to the local planning agency.



Sec. 3. Minnesota Statutes 1986, section 327C.01, is amended by adding a subdivision to read:

Subd. 7a. [PLANNING AGENCY.] “Planning agency” means the planning commission or the planning department of a municipality as defined in section 462.352, the planning and zoning commission of a town as defined in section 366.17, or the planning commission of a county, as defined in section 394.30, or if the municipality does not have a planning agency, the governing board of the municipality.

Sec. 4. Minnesota Statutes 1986, section 327C.01, is amended by adding a subdivision to read:

Subd. 8a. [RELOCATION COSTS.] “Relocation costs” means reasonable relocation cost for a displaced resident of a manufactured home park.

Sec. 5. Minnesota Statutes 1986, section 327C.02, is amended by adding a subdivision to read:

Subd. 2a. In an action to recover possession of land for violation of a new or amended rule, if the court finds that the rule is reasonable or is not a substantial modification, the court shall issue an order in favor of the plaintiff for costs. The court shall order the defendant to comply with the rule within ten days. If the resident fails to comply with the rule at any time after the time period provided by the court, the park owner may, upon a showing to the court that three days' written notice was given to the resident, move the court for writ of restitution to recover possession of the lot.

Sec. 6. Minnesota Statutes 1986, section 327C.02, subdivision 5, is amended to read:

Subd. 5. [WRITTEN NOTICE REQUIRED.] A prospective resident, before being asked to sign a rental agreement, must be given the following notice printed verbatim in boldface type of a minimum size of ten points. The notice and the safety feature disclosure form required under section 327C.07, subdivision 3a, must be posted in a conspicuous and public location in the park:

#### “IMPORTANT NOTICE

State law provides special rules for the owners and residents of manufactured home parks.

You may keep your home in the park as long as the park is in operation and you meet your financial obligations, obey state and local laws which apply to the park, obey reasonable park rules, do not substantially annoy or endanger the other residents or substan-

tially endanger park personnel and do not substantially damage the park premises. You may not be evicted or have your rent increased or your services cut for complaining to the park owner or to a governmental official.

If you receive an eviction notice and do not leave the park, the park owner may take you to court. If you lose in court a sheriff may remove you and your home from the park within seven days. Or, the court may require you to leave the park within seven days but give you 60 days to sell the home within the park.

If you receive an eviction notice for a new or amended rule and the court finds the rule to be reasonable and not a substantial modification of your original agreement, the court will not order you to leave but will order you to comply with the rule within ten days. If you do not comply within the time given or if you violate the rule at a later time, you will be subject to eviction.

All park rules and policies must be reasonable. Your rent may not be increased more than twice a year. Changes made in park rules after you become a park resident will not apply to you if they substantially change your original agreement.

The park may not charge you an entrance fee.

The park may require a security deposit, but the deposit must not amount to more than two months rent.

You have a right to sell the home in the park. But the sale is not final until the park owner approves the buyer as a new resident, and you must advise in writing anyone who wants to buy your home that the sale is subject to final approval by the park owner. You must also disclose in writing certain safety information about your home to anyone who wants to buy it in the park. You must give this information to the buyer before the sale, in writing, on the form that is attached to this notice. You must completely and accurately fill out the form and you and the buyer should each keep a copy.

Your rental agreement and the park rules contain important information about your rights and duties. Read them carefully and keep a copy.

For further information concerning your rights, consult a private attorney. The state law governing the rental of lots in manufactured home parks may also be enforced by the Minnesota Attorney General."

In addition, the safety feature disclosure form required under section 327C.07, subdivision 3a, must be attached to the notice.

Sec. 7. Minnesota Statutes 1986, section 327C.09, subdivision 1, is amended to read:

Subdivision 1. [CAUSE REQUIRED.] A park owner may recover possession of land upon which a manufactured home is situated only for a reason specified in this section or section 11.

Sec. 8. Minnesota Statutes 1986, section 327C.09, subdivision 4, is amended to read:

Subd. 4. [RULE VIOLATIONS.] The resident fails to comply with a rule within 30 days after receiving written notice of the alleged noncompliance, except the 30 day notice requirement does not apply to nonpayment of rent. Loud noises created by the residents or their equipment or guests shall be considered rule violations unless repeated more than twice after written notice and then shall be considered a violation under subdivision 5.

Sec. 9. Minnesota Statutes 1986, section 327C.09, subdivision 5, is amended to read:

Subd. 5. [ENDANGERMENT; SUBSTANTIAL ANNOYANCE AND DAMAGE.] The resident acts in the park in a manner which endangers other residents or park personnel, causes substantial damage to the park premises or substantially annoys other residents, and has received 30 days written notice to vacate, except the park owner may require the resident to vacate immediately if the resident violates this subdivision a second or subsequent time after receipt of the notice. To be effective, the notice must specify the time, date, and nature of the alleged annoyance, damage, or endangerment. A park owner seeking to evict pursuant to this subdivision need not produce evidence of a criminal conviction, even if the alleged misconduct constitutes a criminal offense.

Sec. 10. Minnesota Statutes 1986, section 327C.11, subdivision 2, is amended to read:

Subd. 2. [WAIVER BY ACCEPTING RENT.] A park owner who gives a resident a notice as provided in section 327C.09, subdivisions 3, 4, 4a, 6, or 8 or 9, or section 327C.095, does not waive the notice by afterwards accepting rent. Acceptance of rent for a period after the expiration of a final notice to quit waives that notice unless the parties agree in writing after service of the notice that the notice continues in effect.

Sec. 11. [327C.095] [PARK CLOSINGS.]

Subdivision 1. [CONVERSION OF USE; MINIMUM NOTICE.] At least nine months before the conversion of all or a portion of a manufactured home park to another use, or before closure of a

manufactured home park or cessation of use of the land as a manufactured home park, the park owner must prepare a closure statement and provide a copy to the local planning agency and a copy to a resident of each manufactured home. A resident may not be required to vacate until 60 days after the ruling on the closure statement by the local planning agency. If a lot is available in another section of the park that will continue to be operated as a park, the park owner must allow the resident to relocate the home to that lot unless the home, because of its size or local ordinance, is not compatible with that lot.

**Subd. 2. [NOTICE OF HEARING; PROPOSED CHANGE IN LAND USE.]** If the planned conversion or cessation of operation requires a variance or zoning change, the municipality must mail a notice at least ten days before the hearing to a resident of each manufactured home in the park stating the time, place, and purpose of the public hearing. The park owner shall provide the municipality with a list of the names and addresses of at least one resident of each manufactured home in the park at the time application is made for a variance or zoning change.

**Subd. 3. [CLOSURE STATEMENT.]** Upon receipt of the closure statement from the park owner, the local planning agency shall prepare an evaluation of the closure statement and request the governing body of the municipality to schedule a public hearing. The municipality must mail a notice at least ten days before the hearing to a resident of each manufactured home in the park stating the time, place, and purpose of the public hearing. The park owner shall provide the municipality with a list of the names and addresses of at least one resident of each manufactured home in the park at the time the closure statement is submitted to the local planning agency.

**Subd. 4. [PUBLIC HEARING; RELOCATION COSTS.]** The governing body of the municipality shall hold a public hearing to review the closure statement. Before any change in use or cessation of operation and as a condition of the change, the governing body may require a payment by the park owner to be made to the displaced resident for reasonable relocation costs. If a resident cannot relocate the home to another manufactured home park within a 25-mile radius of the park that is being closed, the resident is entitled to relocation costs based upon an average of relocation costs awarded to other residents.

The governing board of the municipality may also require that other parties including the municipality involved in the park closing provide additional compensation to residents to mitigate the adverse financial impact of the park closing upon the residents.

**Subd. 5. [PARK CONVERSIONS.]** If the planned cessation of operation is for the purpose of converting the part of the park

occupied by the resident to a condominium pursuant to chapter 515A, the provisions of section 515A.4-110, except paragraph (a), shall apply. The nine-month notice required by this section shall state that the cessation is for the purpose of conversion and shall set forth the rights conferred by this subdivision and section 515A.4-110, paragraph (b). Not less than 120 days before the end of the nine months, the park owner shall serve upon the resident a form of purchase agreement setting forth the terms of sale contemplated by section 515A.4-110, paragraph (b). Service of that form shall operate as the notice described by section 515A.4-110, paragraph (a).

Sec. 12. [STUDY REQUIRED.]

The metropolitan council shall conduct a study to determine the feasibility of establishing a "metropolitan manufactured home park development fund." The purpose of this fund would be to provide low interest development loans to persons interested in constructing manufactured home parks within the seven-county metropolitan area. The results of this study shall be forwarded to the legislature by January 1, 1988.

Sec. 13. [REPEALER.]

Minnesota Statutes 1986, section 327C.09, subdivision 9, is repealed."

Delete the title and insert:

"A bill for an act relating to manufactured homes; defining terms; clarifying the termination of a park lease for substantial annoyance to other residents; allowing certain new or amended rule violations to be cured; regulating park closings; requiring an impact report; providing for a public hearing; creating a right of first refusal; clarifying remedies; amending Minnesota Statutes 1986, sections 327C.01, by adding subdivisions; 327C.02, subdivision 5, and by adding a subdivision; 327C.09, subdivisions 1, 4, and 5; and 327C.11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 327C; repealing Minnesota Statutes 1986, section 327C.09, subdivision 9."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 647, A bill for an act relating to human services; providing for the establishment of a mental illness information

management system; appropriating money; 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. [245.721] [MENTAL ILLNESS INFORMATION MANAGEMENT SYSTEM.]

By January 1, 1990, the commissioner of human services shall establish an information management system for collecting data about individuals who suffer from severe and persistent mental illness and who receive publicly funded services for mental illness.”

Delete the title and insert:

“A bill for an act relating to human services; providing for the establishment of a mental illness information management system; proposing coding for new law in Minnesota Statutes, chapter 245.”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 781, A bill for an act relating to human services; establishing a system of state-operated, community-based residential programs for persons with mental retardation; prohibiting layoffs of employees in regional treatment centers and state nursing homes; stating the policy of the state relating to services to persons with mental retardation or related conditions; creating an exception to the intermediate care facility for persons with mental retardation or related conditions moratorium; establishing requirements for determining waived service rates; appropriating money; amending Minnesota Statutes 1986, sections 16B.08, subdivision 7; 246.023, subdivision 1; 252.291, subdivision 2; and 256B.501, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 179A and 252; repealing Minnesota Statutes 1986, section 246.023, subdivisions 2 to 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 16B.08, subdivision 7, is amended to read:

Subd. 7. [SPECIFIC PURCHASES.] (a) The following may be purchased without regard to the competitive bidding requirements of this chapter:

(1) fiber used in the manufacture of binder twine, ply twines, and rope at the state correctional facilities;

(2) merchandise for resale at state park refectories or facility operations;

(3) farm and garden products, which may be sold at the prevailing market price on the date of the sale;

(4) meat for other state institutions from the vocational school maintained at Pipestone by independent school district No. 583; and

(5) furniture from the Minnesota correctional facility-St. Cloud.

(b) The following may be purchased or rented without regard to the competitive bidding requirements of this chapter: supplies, materials, equipment, and utility services for use by a community-based residential facility operated by the commissioner of human services.

(c) Supplies, materials, or equipment to be used in the operation of a hospital licensed under sections 144.50 to 144.56 that are purchased under a shared service purchasing arrangement whereby more than one hospital purchases supplies, materials, or equipment with one or more other hospitals, either through one of the hospitals or through another entity, may be purchased without regard to the competitive bidding requirements of this chapter if the following conditions are met:

(1) the hospital's governing authority authorizes the arrangement;

(2) the shared services purchasing program purchases items available from more than one source on the basis of competitive bids or competitive quotations of prices; and

(3) the arrangement authorizes the hospital's governing authority or its representatives to review the purchasing procedures to determine compliance with these requirements.

Sec. 2. [179A.30] [REGIONAL TREATMENT CENTER, NURSING HOME, AND COMMUNITY-BASED FACILITY EMPLOYEES.]

Subdivision 1. [EXCLUSIVE REPRESENTATIVE.] The exclusive representative of employees may meet and negotiate with the

commissioner of employee relations, in consultation with the commissioner of human services, concerning possible changes in hours or work schedules that could produce cost reductions in the biennium in the regional treatment centers.

Subd. 2. [COMMISSIONER OF EMPLOYEE RELATIONS.] The commissioner of employee relations shall meet and negotiate in accordance with chapter 179A with the appropriate exclusive representative of the regional treatment center employees concerning the terms and conditions of employment that result from state-operated, community-based residential programs established under section 4.

Subd. 3. [STAFF REDUCTIONS.] Provided there is no conflict with a collective bargaining agreement, regional treatment center or state nursing home position reductions may be accomplished through attrition, transfers, and retirements. No employee otherwise subject to layoff shall be laid off unless first offered a position for which the employee has been trained and is qualified, with no loss in pay.

Sec. 3. Minnesota Statutes 1986, section 246.023, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE POLICY.] It is recognized that closure and consolidation of state hospitals regional treatment centers have negative economic effects upon public employees and communities. It is the policy of the state that deinstitutionalization policies shall be carried out in a manner that ensures fair and equitable arrangements to protect the interests of employees and communities affected by deinstitutionalization of state hospitals. To the extent possible, employees affected by position reductions in the regional treatment centers must be afforded options that assure continued employment of displaced employees.

Sec. 4. [252.035] [STATE-OPERATED, COMMUNITY-BASED RESIDENTIAL PROGRAMS.]

Subdivision 1. [RESIDENTIAL PROGRAMS ESTABLISHED.] The commissioner may establish a system of noninstitutional, state-operated, community-based residential services for persons with mental retardation or related conditions. For purposes of this section, "state-operated, community-based residential facility" means a residential program administered by the state to provide treatment and habilitation in noninstitutional community settings to persons with mental retardation or related conditions. Employees of the facilities must be state employees under chapters 43A and 179A. The establishment of state-operated, community-based residential facilities must be within the context of a comprehensive definition of the role of state-operated services in the state. The role of state-operated services must be defined within the context of a



comprehensive system of services for persons with mental retardation and related conditions. Services may include, but are not limited to, community group homes, foster care, supportive living arrangements, and respite care arrangements. The commissioner shall operate the pilot projects established under Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6, and may, within the limits of available appropriations, establish additional state-operated, community-based services for regional treatment center residents who are persons with mental retardation. Day program services for clients living in state-operated, community-based residential facilities must not be provided by a regional treatment center or a state-operated, community-based program.

Subd. 2. [AUTHORIZATION TO BUILD OR PURCHASE.] Within the limits of available appropriations, the commissioner may build, purchase or lease suitable buildings for state-operated, community-based residential facilities. Facilities must be homelike and adaptable to the needs of persons with mental retardation or related conditions.

Subd. 3. [ALTERNATIVE FUNDING MECHANISMS.] To the extent possible, the commissioner may amend the medical assistance home and community-based waiver and, as appropriate, develop special waiver procedures for targeting services to persons currently in state regional centers.

Subd. 4. [COUNTIES.] State-operated, community-based residential facilities may be developed in conjunction with existing county responsibilities and authorities for persons with mental retardation. Assessment, placement, screening, case management responsibilities, and determination of need procedures must be consistent with county responsibilities established under law and rule. Counties may enter into shared service agreements with state-operated programs.

Sec. 5. [252.045] [REGIONAL CENTER AND COMMUNITY-BASED FACILITY EMPLOYEES.]

In accordance with section 43A.21, the commissioner shall develop procedures to assure that:

(1) there are workers employed at state regional centers and nursing homes who are skilled in the treatment of persons with severe and profound mental retardation or related conditions, behavioral problems, and medical needs, to facilitate adjustment to community living;

(2) suitable training programs exist for regional treatment center and state-operated, community-based residential facility staff; and

(3) state employees under the jurisdiction of the commissioner who are affected by a position reduction plan have the option of transferring to a community-based program; to a similar, comparable classification in another regional center setting; or to a position in another state agency.

Sec. 6. Minnesota Statutes 1986, section 252.28, is amended by adding a subdivision to read:

Subd. 5. [TRAINING PROGRAM.] The commissioner of human services, in consultation with the commissioner of employee relations and the mental retardation and related conditions advisory task force, shall develop a plan to establish a comprehensive training program for public and private employees who provide services to persons with mental retardation and related conditions.

Sec. 7. Minnesota Statutes 1986, section 252.291, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The commissioner of human services in coordination with the commissioner of health may approve a new state-operated or private community-based intermediate care facility for persons with mental retardation or related conditions only in the following circumstances and only if the size of the facility is less than seven beds:

(a) when the facility is developed in accordance with a request for proposal system established pursuant to subdivision 3, clause (b); or

(b) when the facility is necessary to serve the needs of identifiable persons with mental retardation or related conditions who are seriously behaviorally disordered or who are physically or sensorily impaired; or

(c) to license beds in new facilities where need was determined by the commissioner prior to June 10, 1983.

Sec. 8. [WAGE PARITY STUDY.]

The state planning director shall conduct a study of the differences between the wages and benefits paid to employees of public and private community-based providers of care to persons with mental retardation and related conditions, and shall report the findings to the legislature by April 1, 1988.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [HUMAN SERVICES.] \$..... is appropriated from the general fund to the commissioner of human services to establish state-operated, community-based residential facilities.

Subd. 2. [STATE PLANNING AGENCY.] \$..... is appropriated from the general fund to the director of the state planning agency to conduct a wage parity study.

Sec. 10. [REPEALER.]

Minnesota Statutes, section 246.023, subdivisions 2, 3, 4, and 5, are repealed.

Sec. 11. [EFFECTIVE DATE.]

Section 8 and section 9, subdivision 2, are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; establishing a system of state-operated, community-based residential programs for persons with mental retardation; requiring that employees of regional treatment centers and state nursing homes be offered other positions prior to layoff; requiring a study; appropriating money; amending Minnesota Statutes 1986, sections 16B.08, subdivision 7; 246.023, subdivision 1; 252.28, by adding a subdivision; and 252.291, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 179A and 252; repealing Minnesota Statutes 1986, section 246.023, subdivisions 2 to 5."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 825, A bill for an act relating to human services; providing a grant program for on-site employer child care services; appropriating money; 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. [245.829] [EMPLOYER DAY CARE GRANTS.]

Subdivision 1. [GRANT AMOUNTS; COVERED EXPENSES.] The commissioner of human services shall administer a program to provide grants to employers who want to provide child day care

services for the benefit of their employees at the site of employment or within close proximity to the site of employment and who meet applicable state licensure laws for day care services and the priorities listed in subdivision 2. The grant shall be equal to 50 percent of total expenditures paid or incurred by the employer during the first two years for planning, site preparation, construction, renovation, or acquisition of facilities to establish a child care facility for use by the children of the employer's employees, including equipment installed for permanent use and kitchen appliances for use in delivering meals to the children. No employer may receive a grant in excess of \$40,000 in either of the first two years of the day care services operation.

If two or more employers share in the cost of establishing or operating a facility for the children of their employees, the commissioner shall apportion the grant between the employers in relation to the respective share paid by the employer to the total expenditures for the services during the year. If the grant is apportioned, the total amount of the grant apportioned may not exceed \$40,000.

Subd. 2. [GRANT PRIORITIES.] In reviewing grant proposals for funding, the commissioner will give priority to employers who will:

(1) provide day care services at the site of employment or within reasonable working distance of the employment site;

(2) provide day care services for infants and toddlers;

(3) allow employees with children using the day care services provided under this section flexibility in work schedules to enable visiting time; and

(4) agree to pay child care workers at least 125 percent of the county average for child care workers.

The employer may not receive any profit from the provision of the day care services or rent from the child care site. In addition, an employer receiving a grant under this section must continue to provide the day care services program for four years after state funding under this section has ended. If the employer does not continue the program, the state's attorney general shall seek to recover the full amount of the grant from the employer.

Subd. 3. [RULES.] The commissioner may adopt rules under chapter 14 necessary to administer and implement the grant program established under this section.

Sec. 2. [APPROPRIATION.]

\$500,000 is appropriated from the general fund to the commissioner of human services for the purpose of administering the grant program and allocating grants under the provisions of section 1. The appropriation is available until expended. The amount of the appropriation available to the commissioner for administrative expenses must not exceed three percent.

Amend the title as follows:

Page 1, line 3, delete "on-site"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 884, A bill for an act relating to financial institutions; savings and loan associations; authorizing the deposit of trust funds received by real estate brokers or salespersons in savings and loan associations; amending Minnesota Statutes 1986, sections 51A.23, subdivision 1; 82.24, subdivisions 1, 2, and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 51A.23, subdivision 1, is amended to read:

Subdivision 1. [OWNERSHIP.] Savings accounts may be opened and held solely and absolutely by, or in trust or other fiduciary capacity for, any person, including an adult or minor individual, male or female, single or married, partnership, association, fiduciary, or corporation. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a savings and loan association. Savings accounts shall be represented only by the account of each savings account holder on the books of the association, and such accounts or any interest therein shall be transferable only on the books of the association and upon proper written application by the transferee and upon acceptance by the association of the transferee as a member upon terms approved by the board of directors. The association may treat the holder of record of a savings account as the owner thereof for all purposes without being affected by any notice to the contrary unless the association has acknowledged in writing notice of a pledge of such savings account.

An association may issue savings accounts to or in the name of a minor, which shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons, except creditors, and, together with dividends thereon, shall be paid to the minor, and receipt or acquittance in any form, shall be sufficient release and discharge of the association for withdrawal, until a guardian appointed in this state for the minor shall have delivered a certificate of appointment.

Sec. 2. Minnesota Statutes 1986, section 52.04, is amended to read:

52.04 [POWERS.]

Subdivision 1. A credit union has the following powers:

(1) to offer its members and other credit unions various classes of shares, share certificates, deposits, or deposit certificates;

(2) to receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other thrift organizations within its membership. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a credit union;

(3) to make loans to members for provident or productive purposes as provided in section 52.16;

(4) to make loans to a cooperative society or other organization having membership in the credit union;

(5) to deposit in state and national banks and trust companies authorized to receive deposits;

(6) to invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;

(7) to borrow money as hereinafter indicated;

(8) to adopt and use a common seal and alter the same at pleasure;

(9) to make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal Credit Union Act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets. However, payments on shares of and deposit with credit unions

chartered by other states are restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause do not apply to share accounts and deposit accounts of the Minnesota corporate credit union in United States central credit union or to share accounts and deposit accounts of credit unions in the Minnesota corporate credit union;

(10) to contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor;

(11) to indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred in connection with or arising out of any action, suit, or proceeding to which that person is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which that person is finally adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of duties. The indemnification is not exclusive of any other rights to which that person may be entitled under any bylaw, agreement, vote of members, or otherwise;

(12) upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make those payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts, but a credit union proposing to permit draft withdrawals shall notify the commissioner of commerce, in the form prescribed, of its intent not less than 90 days prior to authorizing draft withdrawals. The board of directors of a credit union may restrict one class of shares to the extent that it may not be redeemed, withdrawn, or transferred except upon termination of membership in the credit union;

(13) to inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(14) to facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group insurance plan or a subgroup under a master policy plan and to disseminate information to its members concern-

ing the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, if the credit union obtains written authorization from the member for remittance by share or deposit withdrawals or through proceeds of loans made by the members, or by permitting the credit union to make the payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for expenses incurred or in the case of credit life and accident and health insurance within the meaning of chapter 62B commissions for the handling of the insurance. The amount reimbursed or the commissions received may constitute the general income of the credit union. The directors, officers, committee members and employees of a credit union shall not profit on any insurance sale facilitated through the credit unions;

(15) to contract with another credit union to furnish services which either could otherwise perform. Contracted services under this clause are subject to regulation and examination by the commissioner of commerce like other services;

(16) in furtherance of the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union;

(17) to rent safe deposit boxes to its members if the credit union obtains adequate insurance or bonding coverage for losses which might result from the rental of safe deposit boxes;

(18) notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to chapter 118;

(19) to accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of Treasury of the United States;

(20) to accept deposits pursuant to section 149.12, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members;

(21) to sell, in whole or in part, real estate secured loans provided that:

(a) the loan is secured by a first lien;



(b) the board of directors approves the sale;

(c) if the sale is partial, the agreement to sell a partial interest shall, at a minimum:

(i) identify the loan or loans covered by the agreement;

(ii) provide for the collection, processing, remittance of payments of principal and interest, taxes and insurance premiums and other charges or escrows, if any;

(iii) define the responsibilities of each party in the event the loan becomes subject to collection, loss or foreclosure;

(iv) provide that in the event of loss, each owner shall share in the loss in proportion to its interest in the loan or loans;

(v) provide for the distribution of payments of principal to each owner proportionate to its interest in the loan or loans;

(vi) provide for loan status reports;

(vii) state the terms and conditions under which the agreement may be terminated or modified; and

(d) the sale is without recourse or repurchase unless the agreement:

(i) requires repurchase of a loan because of any breach of warranty or misrepresentation;

(ii) allows the seller to repurchase at its discretion; or

(iii) allows substitution of one loan for another;

(22) in addition to the sale of loans secured by a first lien on real estate, to sell, pledge, discount, or otherwise dispose of, in whole or in part, to any source, a loan or group of loans, other than a self-replenishing line of credit; provided, that within a calendar year beginning January 1 the total dollar value of loans sold, other than loans secured by real estate or insured by a state or federal agency, shall not exceed 25 percent of the dollar amount of all loans and participating interests in loans held by the credit union at the beginning of the calendar year, unless otherwise authorized in writing by the commissioner;

(23) to designate the par value of the shares of the credit union by board resolution;

(24) to exercise by resolution the powers set forth in United States Code, title 12, section 1757, as amended through August 1, 1985. Before exercising each power, the board must submit a plan to the commissioner of commerce detailing implementation of the power to be used;

(25) To offer self-directed individual retirement accounts and Keough accounts and act as custodian and trustee of these accounts if:

(1) all contributions of funds are initially made to a deposit, share or share certificate account in the credit union;

(2) any subsequent transfer of funds to other assets is solely at the direction of the member and the credit union exercises no investment discretion and provides no investment advice with respect to plan assets; and

(3) the member is clearly notified of the fact that National Credit Union Share Insurance Fund coverage is limited to funds held in deposit, share or share certificate accounts of National Credit Union Share Insurance Fund-insured credit unions.

Sec. 3. Minnesota Statutes 1986, section 82.17, subdivision 6, is amended to read:

Subd. 6. "Trust account" means, for purposes of this chapter, a savings account, negotiable order of withdrawal account, demand deposit or checking account maintained for the purpose of segregating trust funds from other funds. A trust account shall not be an interest bearing account except by agreement of the parties and subject to rules of the commissioner, and shall not allow the financial institution a right of set off against moneys owed it by the licensee.

Sec. 4. Minnesota Statutes 1986, section 82.24, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] All trust funds received by a broker or the broker's salespeople shall be deposited forthwith upon receipt in a trust account, maintained by the broker for such purpose in a bank, savings and loan association, credit union, or an industrial loan and thrift company with deposit liabilities designated by the broker, except as such moneys may be paid to one of the parties pursuant to express written agreement between the parties to a transaction. The depository bank shall be a Minnesota bank or trust company or any foreign bank and shall authorize the commissioner to examine its records of such deposits upon demand by the commissioner. The industrial loan and thrift company shall be organized under chapter 53. The savings and loan association or credit union shall be organized under the laws of any state or the United States.

Sec. 5. Minnesota Statutes 1986, section 82.24, subdivision 2, is amended to read:

Subd. 2. [LICENSEE ACTING AS PRINCIPAL.] Any licensed real estate broker or salesperson acting in the capacity of principal in the sale or rental of interests in real estate owned or rented by the licensee shall deposit in a Minnesota bank or trust company, any foreign bank which authorizes the commissioner to examine its records of the deposits, a savings and loan association, credit union, or an industrial loan and thrift company organized under chapter 53 with deposit liabilities, in a trust account, those parts of all payments received on contracts that are necessary to meet any amounts concurrently due and payable on any existing mortgages, contracts for deed or other conveyancing instruments, and reserve for taxes and insurance or any other encumbrance on the receipts. The deposits must be maintained until disbursement is made under the terms of the encumbrance and proper accounting on the property made to the parties entitled to an accounting. The provisions of this subdivision relating to rental of interests in real estate apply only to single-family residential property.

Sec. 6. Minnesota Statutes 1986, section 82.24, subdivision 6, is amended to read:

Subd. 6. [NOTICE OF TRUST ACCOUNT STATUS.] The names of the banks, savings and loan associations, credit unions, and industrial loan and thrift companies and the trust account numbers used by a broker shall be provided to the commissioner at the time of application for the broker's license. The broker shall immediately report to the commissioner any change of trust account status including changes in banks, savings and loan associations, credit unions, and industrial loan and thrift companies, account numbers, or additional accounts in the same or other banks, savings and loan associations, credit unions, and industrial loan and thrift companies. A broker shall not close an existing trust account without giving ten days written notice to the commissioner."

Delete the title and insert:

"A bill for an act relating to financial institutions; authorizing the deposit of trust funds received by real estate brokers or salespersons in savings and loan associations and credit unions; amending Minnesota Statutes 1986, sections 51A.23, subdivision 1; 52.04; 82.17, subdivision 6; and 82.24, subdivisions 1, 2, and 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 940, A bill for an act relating to retirement; various public employee pension plans; specifying that exemptions from legal process do not include marital property divisions; requiring the provision of certain public pension plan information in marriage dissolution actions; providing for court appointed actuaries in marriage dissolution actions; amending Minnesota Statutes 1986, sections 69.51; 352.15, subdivision 1; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 424.27; 518.54, subdivision 5, and by adding subdivisions; and 518.58; proposing coding for new law in Minnesota Statutes, chapters 356 and 518.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 69.51, is amended to read:

69.51 [PAYMENTS EXEMPT FROM PROCESS.]

All payments made, or to be made, by any relief association under any of the provisions of sections 69.25 to 69.53 shall be totally exempt from garnishment, execution, or other legal process ~~and~~, except as provided in section 518.58, section 18, or 518.611. No persons entitled to such payment shall have the right to assign the same, nor shall the association have authority to recognize any assignment or to pay any sum on account thereof; ~~and~~. Any attempt to transfer any such right or claim, or any part thereof, shall be void.

Sec. 2. Minnesota Statutes 1986, section 352.15, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION; EXCEPTIONS.] None of the moneys, annuities, or other benefits mentioned herein shall be assignable either in law or in equity or be subject to any state estate tax, or to execution, levy, attachment, garnishment, or other legal process, except as provided in subdivision 1a or section 518.58, section 18, or 518.611. Provided, however,

Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may pay an annuity, benefit or refund to a banking institution, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former employee, the executive director may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such employee's account or joint

account with a spouse. The board of directors may prescribe the conditions under which such payments will be made.

Sec. 3. Minnesota Statutes 1986, section 352.96, is amended by adding a subdivision to read:

Subd. 6. [EXEMPTION FROM PROCESS.] As money to which legal title is vested in the state of Minnesota, no amount of deferred compensation is assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, section 18, or 518.611.

Sec. 4. Minnesota Statutes 1986, section 352B.071, is amended to read:

**352B.071 [EXEMPTION FROM PROCESS.]**

None of the money, annuities, or other benefits provided for in this chapter shall be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, section 18, or 518.611.

Sec. 5. Minnesota Statutes 1986, section 353.15, is amended to read:

**353.15 [NONASSIGNABILITY AND EXEMPTION OF ANNUITIES AND BENEFITS FROM JUDICIAL PROCESS.]**

Subdivision 1. [EXEMPTION; EXCEPTIONS.] No money, annuity, or benefit provided for in this chapter is assignable or subject to any state estate tax, or to execution, levy, attachment, garnishment, or legal process, except as provided in subdivision 2 or section 518.58, section 18, or 518.611. ~~Provided, however,~~

Subd. 2. [AUTOMATIC DEPOSITS.] The association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Subd. 3. [PAYMENT TO PUBLIC BODIES.] If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Sec. 6. Minnesota Statutes 1986, section 354.10, is amended to read:

**354.10 [FUND NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES.]**

Subdivision 1. [EXEMPTION; EXCEPTIONS.] The right of a teacher to take advantage of the benefits provided by this chapter, is a personal right only and shall not be assignable. All money to the credit of a teacher's account in the fund or any money payable to the teacher from the fund shall belong to the state of Minnesota until actually paid to the teacher or a beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or a beneficiary, shall be null and void and the same shall be exempt from taxation under chapter 291 and from garnishment or levy under attachment or execution, except as provided in subdivision 2 or section 518.58, section 18, or 518.611. ~~Provided however,~~

Subd. 2. [AUTOMATIC DEPOSITS.] The board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive such annuity or benefit. Upon completion of the proper forms as provided by the board, the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account or joint account with a spouse. The board shall prescribe the conditions which shall govern these procedures.

Subd. 3. [PAYMENT TO PUBLIC BODIES.] If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Subd. 4. [CHANGES IN BENEFICIARIES.] Any beneficiary designated by a teacher under the terms of this chapter, may be changed or revoked by the teacher at pleasure, in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating the beneficiary dies, and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 7. Minnesota Statutes 1986, section 354A.11, is amended to read:

**354A.11 [CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.]**

All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of a teacher or member of a teachers retirement fund association orga-

nized pursuant to this chapter, and all moneys, rights, and interests or annuities due or to become due to a teacher, member, or annuitant, or their beneficiaries, from any association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from a court and other legal process, except as provided in section 518.58, section 18, or 518.611, and shall not be subject to the estate tax provisions of this state. ~~This section does not make the moneys nonmarital property.~~

Sec. 8. [356.80] [PROVISION OF INFORMATION IN THE EVENT OF MARRIAGE DISSOLUTION.]

Subdivision 1. [INFORMATION FOR A PENDING MARRIAGE DISSOLUTION.] (a) Upon written request by a person with access to the data under subdivision 3, a public or private pension plan must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, as of the first day of the seventh month following the date of the request if the action involves an active plan member, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must also include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Subd. 2. [INFORMATION FOR AN EXISTING DISSOLUTION DECREE.] If a marriage dissolution decree rendered by a court of competent jurisdiction prior to the effective date of this section provided a procedure for dividing pension benefits or rights in the form of future pension plan payments, upon request the applicable pension plan shall provide on a timely basis to the court and the parties to the action the required information to implement that procedure.

Subd. 3. [ACCESS TO DATA.] Notwithstanding any provision of chapter 13 to the contrary, a responsible authority may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 19, to the extent necessary to comply with this section.

Sec. 9. Minnesota Statutes 1986, section 422A.24, is amended to read:

**422A.24 [ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.]**

No moneys payable pursuant to this chapter shall be assignable either in law or equity or be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, section 18, or 518.611, nor shall any of the proceeds of payments due pursuant to this chapter be subject to the inheritance tax provisions of this state upon transfer to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.

Sec. 10. Minnesota Statutes 1986, section 423.39, is amended to read:

**423.39 [FUNDS EXEMPT FROM EXECUTION.]**

All payments made or to be made by any such police officers' relief association under any of the provisions of Laws 1947, Chapter 625, shall be totally exempt from garnishment, execution, or other legal process, except as provided in section 518.58, section 18, or 518.611; and. No persons entitled to such payment shall have the right to assign the same, nor shall the association have authority to recognize any assignment, or to pay any sum on account thereof; and. Any attempt to transfer any such right or claim, or any part thereof, shall be absolutely void.

Sec. 11. Minnesota Statutes 1986, section 423.61, is amended to read:

**423.61 [PENSION EXEMPT FROM LEGAL PROCESS.]**

All payments made or to be made by any such police officers' relief association under any of the provisions of sections 423.41 to 423.62 shall be totally exempt from garnishment, execution, or other legal process, except as provided in section 518.58, section 18, or 518.611; and. No persons entitled to such payment shall have the right to assign the same, nor shall the association have authority to recognize any assignment, or to pay any sum on account thereof; and. Any attempt to transfer any such right or claim, or any part thereof, shall be absolutely void.

Sec. 12. Minnesota Statutes 1986, section 423.813, is amended to read:

**423.813 [PAYMENTS EXEMPT FROM PROCESS, ASSIGNMENT FORBIDDEN.]**

Any payment made by the association under any provision of sections 423.801 to 423.814 is exempt from any legal process, except as provided in section 518.58, section 18, or 518.611. No person



entitled to any such payment may assign the same. The association may not recognize any assignment or pay any sum on account thereof.

Sec. 13. Minnesota Statutes 1986, section 424.27, is amended to read:

**424.27 [PAYMENTS EXEMPT FROM LEGAL PROCESS.]**

All payments made or to be made by any relief associations under any of the provisions of sections 424.01 to 424.29 shall be totally exempt from garnishment, execution, or other legal process, except as provided in section 518.58, section 18, or 518.611, and. No persons entitled to such payment shall have the right to assign the same, nor shall the association have authority to recognize any assignment, or to pay any sum on account thereof; and. Any attempt to transfer any such right or claim or any part thereof shall be void.

Sec. 14. Minnesota Statutes 1986, section 518.54, subdivision 5, is amended to read:

Subd. 5. [MARITAL PROPERTY; EXCEPTIONS.] "Marital property" means property, real or personal, including vested public or private pension plan benefits or rights, acquired by the parties, or either of them, to a dissolution, legal separation, or annulment proceeding at any time during the existence of the marriage relation between them, or at any time during which the parties were living together as husband and wife under a purported marriage relationship which is annulled in an annulment proceeding. All property acquired by either spouse subsequent to the marriage and before a decree of legal separation is presumed to be marital property regardless of whether title is held individually or by the spouses in a form of coownership such as joint tenancy, tenancy in common, tenancy by the entirety, or community property. Each spouse shall be deemed to have a common ownership in marital property that vests not later than the time of the entry of the decree in a proceeding for dissolution or annulment. The extent of the vested interest shall be determined and made final by the court pursuant to section 518.58. The presumption of marital property is overcome by a showing that the property is nonmarital property.

"Nonmarital property" means property real or personal, acquired by either spouse before, during, or after the existence of their marriage, which

(a) is acquired as a gift, bequest, devise or inheritance made by a third party to one but not to the other spouse;

(b) is acquired before the marriage;

(c) is acquired in exchange for or is the increase in value of property which is described in clauses (a), (b), (d), and (e);

(d) is acquired by a spouse after a decree of legal separation; or

(e) is excluded by a valid antenuptial contract.

Sec. 15. Minnesota Statutes 1986, section 518.54, is amended by adding a subdivision to read:

Subd. 10. [PUBLIC PENSION PLAN BENEFITS OR RIGHTS.] "Public pension plan benefits or rights" means a benefit or right from a public pension plan accrued to the end of the month in which marital assets are valued, as determined under the terms of the laws or other plan document provisions governing the plan, including section 356.30.

Sec. 16. Minnesota Statutes 1986, section 518.54, is amended by adding a subdivision to read:

Subd. 11. [PUBLIC PENSION PLAN.] "Public pension plan" means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, the deferred compensation plan specified in section 352.96, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or from other public sources.

Sec. 17. Minnesota Statutes 1986, section 518.58, is amended to read:

#### 518.58 [DIVISION OF MARITAL PROPERTY.]

Subdivision 1. [GENERAL.] Upon a dissolution of a marriage, an annulment, or in a proceeding for disposition of property following a dissolution of marriage by a court which lacked personal jurisdiction over the absent spouse or lacked jurisdiction to dispose of the property and which has since acquired jurisdiction, the court shall make a just and equitable division of the marital property of the parties without regard to marital misconduct, after making findings regarding the division of the property. The court shall base its findings on all relevant factors including the length of the marriage, any prior marriage of a party, the age, health, station, occupation, amount and sources of income, vocational skills, employability, estate, liabilities, needs, opportunity for future acquisition of capital assets, and income of each party. The court shall also consider the contribution of each in the acquisition, preservation, depreciation or appreciation in the amount or value of the marital property, as well as the contribution of a spouse as a homemaker. It shall be

conclusively presumed that each spouse made a substantial contribution to the acquisition of income and property while they were living together as husband and wife. The court may also award to either spouse the household goods and furniture of the parties, whether or not acquired during the marriage.

If the court finds that either spouse's resources or property, including the spouse's portion of the marital property as defined in section 518.54, subdivision 5 are so inadequate as to work an unfair hardship, considering all relevant circumstances, the court may, in addition to the marital property, apportion up to one-half of the property otherwise excluded under section 518.54, subdivision 5, clauses (a) to (d) to prevent the unfair hardship. If the court apportions property other than marital property, it shall make findings in support of the apportionment. The findings shall be based on all relevant factors including the length of the marriage, any prior marriage of a party, the age, health, station, occupation, amount and sources of income, vocational skills, employability, estate, liabilities, needs, and opportunity for future acquisition of capital assets and income of each party.

If the court finds that it is necessary to preserve the marital assets of the parties, the court may order the sale of the homestead of the parties or the sale of other marital assets, as the individual circumstances may require, during the pendency of a proceeding for a dissolution of marriage or an annulment. If the court orders a sale, it may further provide for the disposition of the funds received from the sale during the pendency of the proceeding. If liquid or readily liquidated marital property other than property representing vested pension benefits or rights is available, the court, so far as possible, shall divide the property representing vested pension benefits or rights by the disposition of an equivalent amount of the liquid or readily liquidated property.

Subd. 2. [PENSION PLANS.] The division of marital property that represents vested public pension benefits or rights in the form of future public pension plan payments:

(1) may not commence until the public plan member submits a valid application for a public pension plan benefit and the benefit becomes payable;

(2) is payable only to the extent of the amount of the public pension plan benefit payable under the terms of the plan;

(3) is not payable for a period that exceeds the time that public pension plan benefits are payable to the public pension plan benefit recipient;

(4) is not payable in a lump sum amount from public pension plan assets attributable in any fashion to a spouse with the status of an

active member, deferred retiree, or benefit recipient of a public pension plan; and

(5) if the former spouse to whom the payments are to be made dies prior to the end of the specified payment period with the right to any remaining payments accruing to an estate or to more than one survivor, is payable only to a trustee on behalf of the estate or the group of survivors for subsequent apportionment by the trustee.

Sec. 18. [518.581] [SURVIVING SPOUSE BENEFIT.]

Subdivision 1. [AWARD OF BENEFIT.] If a current or former employee's marriage is dissolved, the court may order the employee, the employee's pension plan, or both, to pay amounts as part of the division of pension rights that the court may make under section 518.58, or as an award of maintenance in the form of a percentage of periodic or other payments or in the form of a fixed dollar amount. The court may, as part of the order, award a former spouse all or part of a survivor benefit unless the plan does not allow by law the payment of a surviving spouse benefit to a former spouse.

Subd. 2. [PAYMENT OF FUNDS BY RETIREMENT PLAN.] (a) If the court has ordered that a spouse has an interest in a pension plan, the court may order the pension plan to withhold payment of a refund upon termination of employment or lump sum distribution to the extent of the spouse's interest in the plan, or to provide survivor benefits ordered by the court.

(b) The court may not order the pension plan to:

(1) pay more than the equivalent of one surviving spouse benefit, regardless of the number of spouses or former spouses who may be sharing in a portion of the total benefit;

(2) pay surviving spouse benefits under circumstances where the plan member does not have a right to elect surviving spouse benefits; or

(3) pay surviving spouse benefits if the former spouse would not be eligible for benefits under the terms of the plan;

(4) order survivor benefits which, when combined with the annuity or benefit payable to the pension plan member, exceed the actuarial equivalent value of the normal retirement annuity form, determined under the plan documents of the pension plan then in effect and the actuarial assumptions then in effect for calculating optional annuity forms by the pension plan or for calculating the funding requirements of the pension plan if no optional annuity forms are provided by the pension plan.

(c) If more than one spouse or former spouse is entitled to a surviving spouse benefit, the pension plan shall pay each spouse a portion of the benefit based on the ratio of the number of years the spouse was married to the plan member to the total number of years the plan member was married to spouses who are entitled to the benefit.

Subd. 3. [NOTICE TO FORMER SPOUSE.] A pension plan shall notify a former spouse of an application by the employee for a refund of pension benefits if the former spouse has filed with the pension plan:

(1) a copy of the court order, including a withholding order, determining the former spouse's rights;

(2) the name and last known address of the employee; and

(3) the name and address of the former spouse.

A pension plan shall comply with an order, including a withholding order, issued by a court having jurisdiction over dissolution of marriage that is served on the pension plan, if the order states the name, last known address of the payees, and name and address of the former spouse, or if the names and addresses are provided to the pension plan with service of the order.

Subd. 4. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given in this subdivision.

(a) "Current or former public employee" or "employee" means an individual who has an interest in a pension plan.

(b) "Surviving spouse benefit" means (1) a benefit a surviving spouse may be eligible for under the laws and bylaws of the pension plan if the employee dies before retirement, or (2) a benefit selected for or available to a surviving spouse under the laws and bylaws of the pension plan upon the death of the employee after retirement.

Sec. 19. [518.582] [PROCEDURE FOR VALUING PENSION BENEFITS OR RIGHTS.]

Subdivision 1. [APPOINTMENT OF ACTUARY.] (a) Each court of this state that has jurisdiction to decide marriage dissolution matters may appoint an approved actuary to function as an expert witness in valuing pension benefits or rights.

(b) An approved actuary is a person who is enrolled as a member of the American Academy of Actuaries, or is enrolled as an actuary pursuant to the Federal Employee Retirement Income Security Act of 1974, as amended.

Subd. 2. [STANDARDS.] A court appointed actuary shall determine the present value of pension benefits or rights that are marital property of the parties to the action based on the applicable plan documents of the pension plan and the applicable actuarial assumptions specified for use in calculating optional annuity forms by the pension plan or for funding the pension plan, if reasonable, or as specified by the court. The court appointed actuary shall report to the court and to the parties the present value of the pension benefits or rights that are marital property.

Subd. 3. [COMPENSATION.] The court appointed actuary may be compensated at a rate established by the court. The compensation of the court appointed actuary shall be allocated between the parties as the court directs.

Subd. 4. [STIPULATION.] In lieu of valuing pension benefits or rights through use of the court appointed actuary, the parties may stipulate the present value of pension benefits or rights that are marital property.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 7 and 9 to 13 are effective on the day following final enactment. Sections 14 to 18 are effective August 1, 1987, and apply to marriage dissolution decrees issued on or after that date."

Delete the title and insert:

"A bill for an act relating to retirement; various employee pension plans; specifying that exemptions from legal process do not include marital property divisions; requiring the provision of certain pension plan information in marriage dissolution actions; providing for court appointed actuaries in marriage dissolution actions; amending Minnesota Statutes 1986, sections 69.51; 352.15, subdivision 1; 352.96, by adding a subdivision; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 424.27; 518.54, subdivision 5, and by adding subdivisions; and 518.58; proposing coding for new law in Minnesota Statutes, chapters 356 and 518."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Judiciary.

The report was adopted.

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

H. F. No. 995, A bill for an act relating to human services; clarifying chemical dependency consolidated fund administration

procedures; amending Minnesota Statutes 1986, sections 246.51; 246.511; 254B.01, subdivision 5; 254B.02, subdivisions 1, 2, 3, and 5; 254B.03, subdivisions 1, 2, 3, 4, and 5; 254B.04, subdivision 2; 254B.06, subdivision 1; and 254B.09, subdivisions 3, 5, and 7; repealing Minnesota Statutes 1986, section 256.968.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 246.51, is amended to read:

246.51 [PAYMENT FOR CARE AND TREATMENT; DETERMINATION.]

Subdivision 1. [PROCEDURES.] The commissioner shall make investigation as necessary to determine, and as circumstances require redetermine, what part of the cost of care, if any, the patient is able to pay. If the patient is unable to pay the full cost of care the commissioner shall make a determination as to the ability of the relatives to pay. The patient or relatives or both shall provide the commissioner documents and proofs necessary to determine their ability to pay. Failure to provide the commissioner with sufficient information to determine ability to pay may make the patient or relatives, both, liable for the full cost of care until the time when sufficient information is provided. No parent shall be liable for the cost of care given a patient at a regional treatment center after the patient has reached the age of 18 years. The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care unless appealed from as provided in section 246.55. All money received, except for chemical dependency receipts, shall be paid to the state treasurer and placed in the general fund of the state and a separate account kept of it. Except for services provided under chapter 254B, responsibility under this section shall not apply to those relatives having gross earnings of less than \$11,000 per year.

Subd. 2. [RULES.] The commissioner shall adopt, pursuant to the administrative procedure act, rules establishing uniform standards for determination of patient liability and relative, guardian or conservator responsibility for care provided at state hospitals. The standards may differ for mental illness, chemical dependency, or mental retardation. The standards established in rules adopted under chapter 254B shall determine the amount of patient and relative responsibility when a portion of the patient's cost of care has been paid under chapter 254B. These rules shall have the force and effect of law.

Sec. 2. Minnesota Statutes 1986, section 246.511, is amended to read:

## 246.511 [RELATIVE RESPONSIBILITY.]

~~In no case, shall~~ Except for chemical dependency services paid for with funds provided under chapter 254B, a patient's or resident's relatives shall not, pursuant to the commissioner's authority under section 246.51, be ordered to pay more than ten percent of the cost of care, unless they reside outside the state. Parents of children in state hospitals shall have their responsibility to pay determined according to section 252.27, subdivision 2, or in rules adopted under chapter 254B if the cost of care is paid under chapter 254B. The commissioner may accept voluntary payments in excess of ten percent. The commissioner may require full payment of the full per capita cost of care in state hospitals for patients or residents whose parent, parents, spouse, guardian or conservator do not reside in Minnesota.

Sec. 3. Minnesota Statutes 1986, section 254B.01, subdivision 5, is amended to read:

Subd. 5. [LOCAL AGENCY.] "Local agency" means the agency designated by a board of county commissioners, a county welfare board, or a human services board to make placements and submit state invoices according to Laws 1986, chapter 394, sections 8 to 20.

Sec. 4. Minnesota Statutes 1986, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. [CHEMICAL DEPENDENCY TREATMENT ALLOCATION.] The chemical dependency funds appropriated for allocation shall be placed in a special revenue account. For the fiscal year beginning July 1, 1987, funds shall be transferred to operate the vendor payment, invoice processing, and collections system for one year. The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated. The commissioner shall annually divide the money available in the chemical dependency fund that is not held in reserve by counties from a previous allocation. Twelve percent of the remaining money must be reserved for treatment of American Indians by eligible vendors under section 254B.05. The remainder of the money must be allocated among the counties according to the following formula, using state demographer data and other data sources determined by the commissioner:

(a) The county non-Indian and over age 14 per capita-months of eligibility for aid to families with dependent children, general assistance, and medical assistance is divided by the total state non-Indian and over age 14 per capita-months of eligibility to determine the caseload factor for each county.



(b) The average median family income for the previous three years for the state is divided by the average median family income for the previous three years for each county to determine the income factor.

(c) The non-Indian and over age 14 population of the county is multiplied by the sum of the income factor and the caseload factor to determine the adjusted population.

(d) \$15,000 shall be allocated to each county.

(e) The remaining funds shall be allocated proportional to the county adjusted population.

Sec. 5. Minnesota Statutes 1986, section 254B.02, subdivision 2, is amended to read:

Subd. 2. [COUNTY ADJUSTMENT; MAXIMUM ALLOCATION.] The commissioner shall determine the state money used by each county in fiscal year 1986, using all state data sources. If available records do not provide specific chemical dependency expenditures for every county, the commissioner shall determine the amount of state money using estimates based on available data. In state fiscal year 1988, a county must not be allocated more than 150 percent of the state money spent by or on behalf of the county in fiscal year 1986 for chemical dependency treatment services eligible for payment under section 254B.05, but not including expenditures made for persons eligible for placement under section 254B.09, subdivision 6. The allocation maximums must be increased by 25 percent each year. After fiscal year 1992, there must be no allocation maximum. The commissioner shall reallocate the excess over the maximum to counties allocated less than the fiscal year 1986 state money, using the following process:

(a) The allocation is divided by ~~1985~~ 1986 state expenditures to determine percentage of prior expenditure, and counties are ranked by percentage of prior expenditure less expenditures for persons eligible for placement under section 254B.09, subdivision 6.

(b) The allocation of the lowest ranked county is raised to the same percentage of prior expenditure as the second lowest ranked county. The allocation of these two counties is then raised to the percentage of prior expenditures of the third lowest ranked county.

(c) The operations under paragraph (b) are repeated with each county by ranking until the money in excess of the allocation maximum has been allocated.

Sec. 6. Minnesota Statutes 1986, section 254B.02, subdivision 3, is amended to read:

Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement Laws 1986, chapter 394, sections 8 to 20, are increased. The base level must ~~not~~ be decreased if ~~appropriations are the fund balance from which allocations are made under section 254B.02, subdivision 1,~~ is decreased in later years. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2.

Sec. 7. Minnesota Statutes 1986, section 254B.02, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATIVE ADJUSTMENT.] The commissioner may make payments to local agencies from money allocated under this section to support administrative activities under sections 254B.03 and 254B.04. The administrative payment must not exceed five percent of the first \$50,000, four percent of the next \$50,000, and three percent of the remaining county allocation and must not be paid if the level of expenditures indicates that the allocation for the year will be exhausted by payments for services from the allocation. Twenty-five percent of the administrative allowance shall be advanced at the beginning of each year and remaining payments must be made under this section at the end of each quarter from any unspent allocation for that year quarter, based on the payments for services made in the most recent quarter for which data is available. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the administrative allowance for any succeeding quarter.

Sec. 8. Minnesota Statutes 1986, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or non-residential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.01 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social

services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is in compliance with the rules governing licensure of programs located in the state.

Sec. 9. Minnesota Statutes 1986, section 254B.03, subdivision 2, is amended to read:

Subd. 2. [CHEMICAL DEPENDENCY SERVICES.] (a) Payment from the chemical dependency fund is limited to payments for services other than detoxification that, if located outside of federally recognized tribal lands, would be required to be licensed by the commissioner as a ~~residential or nonresidential~~ chemical dependency treatment or rehabilitation program under sections 245.781 to 245.812, and services other than detoxification provided in another state that would be required to be licensed as a chemical dependency program if the program were in the state. Out-of-state vendors must also provide the commissioner with assurances that the program complies substantially with state licensing requirements and possesses all licenses and certifications required by the host state to provide chemical dependency treatment. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245.791. Except for chemical dependency transitional rehabilitation programs, vendors receiving payments from the chemical dependency fund must not require copayment from a recipient of benefits for services provided under this subdivision.

(b) A county may, from its own resources, provide chemical dependency services for which state payments are not made. A county may elect to use the same invoice procedures and obtain the same state payment services as are used for chemical dependency services for which state payments are made under this section if county payments are made to the state in advance of state payments to vendors. When a county uses the state system for payment, the commissioner shall make monthly billings to the county using the most recent available information to determine the anticipated services for which payments will be made in the coming month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month.

(c) The commissioner shall coordinate chemical dependency services and determine whether there is a need for any proposed

expansion of chemical dependency treatment services. The commissioner shall deny vendor certification to any provider that has not received prior approval from the commissioner for the creation of new programs or the expansion of existing program capacity. The commissioner shall consider the provider's capacity to obtain clients from outside the state based on plans, agreements, and previous utilization history, when determining the need for new treatment services.

Sec. 10. Minnesota Statutes 1986, section 254B.03, subdivision 3, is amended to read:

Subd. 3. [LOCAL AGENCIES TO PAY STATE FOR COUNTY SHARE.] Local agencies shall submit invoices to the state on forms supplied by the commissioner and according to procedures established by the commissioner. Local agencies shall pay the state for the county share of the invoiced services. Payments shall be made at the beginning of each month for services provided in the previous month. The commissioner shall bill the county monthly for services, based on the most recent month for which expenditure information is available. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month.

Sec. 11. Minnesota Statutes 1986, section 254B.03, subdivision 4, is amended to read:

Subd. 4. [DIVISION OF COSTS.] The county shall, out of local money, reimburse pay the state for 15 percent of the cost of chemical dependency services costs paid by the state under this section. Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section. Fifteen percent of any state collections from private or third-party pay, less 15 percent of the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section. If all funds allocated according to section 254B.02 are exhausted by a county and the county has met or exceeded the base level of expenditures under section 254B.02, subdivision 3, the county shall reimburse pay the state for 15 percent of the costs paid by the state under this section. The commissioner may refuse to pay state funds for services to persons not eligible under section 254B.04, subdivision 1, if the commissioner determines that funds will otherwise not be available for persons who are entitled to chemical dependency fund services the county financially responsible for the persons has exhausted its allocation.

Sec. 12. Minnesota Statutes 1986, section 254B.03, subdivision 5, is amended to read:

Subd. 5. [RULES; APPEAL.] The commissioner shall adopt rules as necessary to implement Laws 1986, chapter 394, sections 8 to 20.

The commissioner shall ensure that the rules are effective on July 1, 1987. The commissioner shall establish an appeals process for use by vendors or recipients when services certified by the county are disputed. The commissioner shall adopt rules and standards for the appeal process to assure adequate redress for persons referred to inappropriate services.

Sec. 13. Minnesota Statutes 1986, section 254B.04, is amended to read:

**254B.04 [ELIGIBILITY FOR CHEMICAL DEPENDENCY FUND SERVICES.]**

Subdivision 1. [ELIGIBILITY.] Persons eligible for benefits under sections 256D.01 to 256D.21, or for federal benefits under Code of Federal Regulations, title 25, part 20, and persons eligible for federal health care benefits under section 256B.06 are entitled to chemical dependency fund services.

Subd. 2. [AMOUNT OF CONTRIBUTION.] The commissioner shall adopt a sliding fee scale to determine the amount of contribution to be required from persons whose income and nonexempt property are is greater than the standard of assistance under sections 256B.06 and 256D.01 to 256D.21. The commissioner may adopt an existing fee scale from another assistance program or from the state facilities by publication in the State Register. The commissioner shall establish a separate fee scale for recipients of chemical dependency transitional rehabilitation services that provides for the collection of fees for board and lodging expenses. The fee schedule shall ensure that employed persons are allowed the income disregards and savings accounts that are allowed residents of community mental illness facilities under section 256D.06, subdivisions 1 and 1b. The fee scale must not provide assistance to persons whose income is more than 115 percent of the state median income. Payments of liabilities under this section are medical expenses for purposes of determining spend-down under sections 256B.06 and 256D.01 to 256D.21.

Sec. 14. Minnesota Statutes 1986, section 254B.05, is amended to read:

**254B.05 [VENDOR ELIGIBILITY.]**

Subdivision 1. [LICENSURE REQUIRED.] Programs licensed by the commissioner are eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245.791. American Indian programs that, if located outside of federally recognized tribal lands, would be required to be licensed to provide chemical dependency primary treatment, extended care, transitional residence, or outpatient treatment services, are eligible vendors. Detoxification programs are not eligible

vendors. Programs that, if located outside of federally recognized tribal lands, would not be licensed as a chemical dependency residential or nonresidential treatment program under sections 245.781 to 245.812 are not eligible vendors. To be eligible for payment under the Consolidated Chemical Dependency Treatment Fund, a vendor must participate in the Drug and Alcohol Abuse Normative Evaluation System or a comparable system approved by the commissioner.

Subd. 2. [REGULATORY METHODS.] (a) Where appropriate and feasible, the commissioner shall identify and implement alternative methods of regulation and enforcement to the extent authorized in this subdivision. These methods shall include:

(1) expansion of the types and categories of licenses that may be granted;

(2) when the standards of an independent accreditation body have been shown to predict compliance with the rules, the commissioner shall consider compliance with the accreditation standards to be equivalent to partial compliance with the rules; and

(3) use of an abbreviated inspection that employs key standards that have been shown to predict full compliance with the rules.

If the commissioner determines that the methods in clause (2) or (3) can be used in licensing a program, the commissioner may reduce any fee set under section 10 by up to 50 percent.

(b) The commissioner shall work with the commissioners of health, public safety, administration, and education in consolidating duplicative licensing and certification rules and standards if the commissioner determines that consolidation is administratively feasible, would significantly reduce the cost of licensing, and would not reduce the protection given to persons receiving services in licensed programs. Where administratively feasible and appropriate, the commissioner shall work with the commissioners of health, public safety, administration, and education in conducting joint agency inspections of programs.

(c) The commissioner shall work with the commissioners of health, public safety, administration, and education in establishing a single point of application for applicants who are required to obtain concurrent licensure from more than one of the commissioners listed in this clause.

Subd. 3. [FEE REDUCTIONS.] If the commissioner determines that the methods in subdivision 2, clause (2) or (3), can be used in licensing a program, the commissioner shall reduce licensure fees by up to 50 percent. The commissioner may adopt rules to provide for

the reduction of fees when a license holder substantially exceeds the basic standards for licensure.

Sec. 15. Minnesota Statutes 1986, section 254B.06, subdivision 1, is amended to read:

Subdivision 1. [STATE COLLECTIONS.] The commissioner is responsible for all collections from persons determined to be partially responsible for the cost of care of an eligible person receiving services under Laws 1986, chapter 394, sections 8 to 20. The commissioner may collect all third-party payments for chemical dependency services provided under Laws 1986, chapter 394, sections 8 to 20, including private insurance and federal medicaid and medicare financial participation. The commissioner shall deposit in the general fund a dedicated account a percentage of collections to pay for the cost of operating the chemical dependency consolidated treatment fund invoice processing and vendor payment system, billing, and collections. The remaining receipts must be deposited in the chemical dependency fund.

Sec. 16. Minnesota Statutes 1986, section 254B.08, is amended to read:

#### 254B.08 [FEDERAL WAIVERS.]

The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation for the provision of services to persons who need chemical dependency services. The commissioner may seek amendments to the waivers or apply for additional waivers to contain costs. The commissioner shall ensure that payment for the cost of providing chemical dependency services under the federal waiver plan does not exceed the cost of chemical dependency services that would have been provided without the waived services.

Notwithstanding sections 254B.04 and 256B.02, subdivision 8, clause (18), and rules adopted under section 254B.03, subdivision 5, persons eligible under section 256B.06 for medical assistance benefits shall not be eligible for services reimbursed through the consolidated chemical dependency fund, except for transitional rehabilitation, extended care programs, and culturally specific programs as defined by Minnesota Rules, part 9530.6605, subpart 13, until the federal Social Security Act, section 2108 (1915B), program waivers are secured. Until the necessary federal program waivers are secured, persons eligible for medical assistance benefits under section 256B.06 shall be eligible for chemical dependency treatment services under section 256B.02, subdivision 8.

Sec. 17. Minnesota Statutes 1986, section 254B.09, subdivision 3, is amended to read:

Subd. 3. [TRIBAL NONPARTICIPATION.] If a federally recognized tribal governing body has not entered into an agreement under subdivision 2 or cancels the agreement, money must be reallocated to the account established by subdivision 5 4.

Sec. 18. Minnesota Statutes 1986, section 254B.09, subdivision 5, is amended to read:

Subd. 5. [TRIBAL RESERVE ACCOUNT.] The commissioner shall reserve 7.5 percent of the American Indian chemical dependency account. The reserve must be allocated to those tribal units that have used all money allocated under subdivision 4 according to agreements made under subdivision 2. An American Indian tribal governing body may receive not more than 30 percent of the reserve account in a year. Reserve payments shall be made only for persons entitled to services under section 254B.04, subdivision 1. Money must be allocated as invoices are received.

Sec. 19. Minnesota Statutes 1986, section 254B.09, subdivision 7, is amended to read:

Subd. 7. [NONRESERVATION INDIAN ACCOUNT.] Fifty percent of the American Indian chemical dependency allocation must be held in reserve by the commissioner in an account for treatment of Indians not residing on lands of a reservation receiving money under subdivision 4. This money must be used to pay for services certified by county invoice to have been provided to an American Indian eligible recipient. Money allocated under this subdivision may be used for payments on behalf of American Indian county residents only if, in addition to other placement standards, the county certifies that the placement was appropriate to the cultural orientation of the client. Any funds for treatment of nonreservation Indians remaining at the end of a fiscal year shall be reallocated under section 254B.02.

Sec. 20. [REPEALER.]

Minnesota Statutes 1986, section 256.968, is repealed.

Sec. 21. [EFFECTIVE DATE.]

Section 14 is effective the day following enactment."

Delete the title and insert:

"A bill for an act relating to human services; clarifying chemical dependency consolidated fund administration procedures; amending Minnesota Statutes 1986, sections 246.51; 246.511; 254B.01, subdivision 5; 254B.02, subdivisions 1, 2, 3, and 5; 254B.03, subdivisions 1, 2, 3, 4, and 5; 254B.04; 254B.05; 254B.06, subdivision 1; 254B.08;



and 254B.09, subdivisions 3, 5, and 7; repealing Minnesota Statutes 1986, section 256.968.”

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 1087, A bill for an act relating to public safety; school buses; requiring training for school bus drivers; providing for transitional requirements; amending Minnesota Statutes 1986, section 171.321, subdivisions 1, 2, and by adding a subdivision.

Reported the same back with the following amendments:

Page 3, after line 8, insert:

“Sec. 5. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of public safety to administer sections 1 and 2, \$25,000 to be available for the fiscal year ending June 30, 1988, and \$25,000 to be available for the fiscal year ending June 30, 1989.”

Page 3, line 9, delete “5” and insert “6”

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 and be re-referred to the Committee on Appropriations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1153, A bill for an act relating to retirement; Millerville volunteer firefighters relief association; authorizing the recognition

of certain prior service in the computation of service pension amounts.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1176, A bill for an act relating to retirement; authorizing the Mankato police benefit association to base certain postretirement increases on other increases granted.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1211, A bill for an act relating to state lands; authorizing the conveyance of certain lands in Pine county to the Amherst H. Wilder Foundation; amending Laws 1981, chapter 354, section 1, subdivisions 1 and 5; repealing Laws 1981, chapter 354, section 1, subdivisions 2 and 3.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1269, A bill for an act relating to state lands; providing for exchange of tax-forfeited peat lands in Aitkin county.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Environment and Natural Resources.

The report was adopted.

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

H. F. No. 1304, A bill for an act relating to insurance; regulating cancellations of insurance agency contracts; proposing coding for new law in Minnesota Statutes, chapter 60A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [60A.172] [INSURANCE AGENCY CONTRACTS; CANCELLATION.]

(a) An insurer may not cancel a written agreement with an agent, or without the agent's written approval, reduce or restrict an agent's underwriting authority with respect to property or casualty insurance, based solely on the loss ratio experience on that agent's book of business, if: the insurer required the agent to submit the application for underwriting approval, all material information on the application was fully completed, and the agent has not omitted or altered any information provided by the applicant.

(b) For purposes of this section, “loss ratio experience” means the ratio of premiums paid divided by the claims paid during a two-year period.

(c) This section applies only to agents who write insurance business exclusively for one company or agents in the direct employ of the company.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1323, A bill for an act relating to human services; endorsing the Store-to-Door grocery delivery program for certain

elderly citizens; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Page 1, delete lines 10 to 13

Page 1, line 14, delete "Subd. 2. [STUDY.]"

Page 1, lines 15 and 16, delete "by Social Technologies for a Livable Community"

Page 2, line 20, delete "subdivision 2"

Amend the title as follows:

Page 1, line 2, delete "endorsing the" and insert "requiring a study of the"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 1328, A bill for an act relating to human services; extending the deadline for community work experience program pilot projects; amending Minnesota Statutes 1986, section 256.737, subdivision 1.

Reported the same back with the following amendments:

Page 2, line 13, strike "Projects end" and insert "As the commissioner phases in case management and other employment and training services under section 256.736, and" and strike "and a report" and insert "the commissioner may phase out projects under this section."

Page 2, lines 14 to 16, strike the old language and delete the new language

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1404, A bill for an act relating to commerce; franchises; regulating nonrenewals; requiring prior notice of nonrenewal; amending Minnesota Statutes 1986, section 80C.14.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 80C.14, is amended to read:

80C.14 [UNFAIR PRACTICES.]

Subdivision 1. [PROHIBITION.] No person, whether by means of a term or condition of a franchise or otherwise, shall engage in any unfair or inequitable practice in contravention of such rules as the commissioner may adopt defining as to franchises the words "unfair and inequitable." For the purpose of rules defining the words "unfair and inequitable", the commissioner may specifically recognize classifications of franchises including but not limited to the classifications of motor vehicle fuel franchises, motor vehicle franchises, hardware franchises, and franchises which require that the franchisee make an initial, unfinanced investment in excess of \$200,000. ~~Any~~ A violation of this section is enjoined by a court of competent jurisdiction.

A temporary injunction may be granted under this section without requiring the posting of any bond or security. A bond or security ~~shall be~~ is required if a temporary restraining order is granted.

Subd. 2. [ACTS CONSTITUTING.] All franchise contracts or agreements, other than those classifications of franchises specifically recognized by the commissioner ~~pursuant to~~ under subdivision 1, and any other device or practice of a franchisor ~~shall~~ must conform to the following provisions subdivisions 3 and 4. It shall be deemed is an unfair and inequitable practice for any a person to: commit an act specified in subdivision 3 or 4.

Subd. 3. [TERMINATION OR CANCELLATION.] (a) ~~terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the franchisee at least 60 days in advance of termination or cancellation, except that the notice shall be effective immediately upon receipt where the alleged grounds are: No person may terminate or cancel a franchise unless: (i) that person has given written notice setting forth all the reasons for the termination or cancellation at least 90 days in advance of termination or cancellation, and (ii) the recipient of the notice fails to correct the reasons stated for termination or cancel-~~

lation in the notice within 60 days of receipt of the notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are:

(1) voluntary abandonment of the franchise relationship by the franchisee;

(2) the conviction of the franchisee of an offense directly related to the business conducted pursuant to the franchise; or

(3) failure to cure a default under the franchise agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logotype or other commercial symbol after the franchisee has received written notice to cure of at least 24 hours in advance thereof;

(b) No person may terminate or cancel a franchise except for good cause. "Good cause" shall be means failure by the franchisee to substantially to comply with the material and reasonable franchise requirements imposed by the franchise franchisor including, but not limited to:

(1) the bankruptcy or insolvency of the franchisee;

(2) assignment for the benefit of creditors or similar disposition of the assets of the franchise business;

(3) voluntary abandonment of the franchise business;

(4) conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or

(5) any act by or conduct of the franchisee which materially impairs the goodwill associated with the franchisor's trademark, trade name, service mark, logotype or other commercial symbol; or

(c) fail to renew a franchise unless the franchisee has been given written notice of the intention not to renew at least 90 days in advance thereof and has been given a sufficient opportunity to recover the franchisee's investment unless the failure to renew is for good cause as defined in clause (b).

Subd. 4. [FAILURE TO RENEW.] Unless the failure to renew a franchise is for good cause as defined in subdivision 3, paragraph (b), and the franchisee has failed to correct reasons for termination as required by subdivision 3, no person may fail to renew a franchise unless (1) the franchisee has been given written notice of the intention not to renew at least 180 days in advance of the expiration of the franchise; (2) the franchisee has been given an opportunity to operate the franchise over a sufficient period of time to enable him to

recover the fair market value of the franchise as a going concern; and (3) the franchisor's refusal to renew is not for the purpose of converting the franchisee's business premises to an operation that will be owned by the franchisor for its own account.

Subd. 5. [WITHHOLDING CONSENT TO TRANSFER.] It is unfair and inequitable for a person to unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular franchisor.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment and applies to all franchise contracts or agreements in effect on that date."

Delete the title and insert:

"A bill for an act relating to commerce; regulating nonrenewals and transfers of franchises; providing civil liability for unfair practices in relation to franchises; amending Minnesota Statutes 1986, section 80C.14."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1407, A bill for an act relating to environment; establishing a siting process for a low-level radioactive waste facility; providing for volunteer sites and an alternative site selection process; establishing a siting board; appropriating money; amending Minnesota Statutes 1986, sections 116C.832, subdivision 1, and by adding subdivisions; 116C.834, subdivision 1; and 116C.842, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 116C.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1451, A bill for an act relating to environment; requiring vehicle weighing scales at sanitary landfills; amending Minnesota Statutes 1986, section 169.872, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 169.872, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Except for records relating to the loading and unloading of the first haul of unprocessed or raw farm products and the transportation of raw and unfinished forest products, a record kept and maintained as provided in ~~subdivision 1~~ this section that shows that a vehicle has exceeded a gross weight limit imposed by this chapter is relevant evidence of a violation of this chapter. The foregoing provisions do not limit the introduction of other competent evidence bearing upon the question of whether or not there is a violation of the prescribed maximum weight limitation permitted by this chapter.

Sec. 2. Minnesota Statutes 1986, section 169.872, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] A person who fails to keep, maintain, or open for inspection and copying, those documents as required in subdivision 1 is guilty of a misdemeanor. A person who does not accurately record the information required to be contained in those documents required in ~~subdivision 1~~ this section is guilty of a misdemeanor.

Sec. 3. Minnesota Statutes 1986, section 169.872, is amended by adding a subdivision to read:

Subd. 1a. [SCALES REQUIRED.] (a) The following facilities must be equipped with scales for weighing loaded vehicles:

- (1) a waste facility that is used for the disposal of solid waste;
- (2) a resource recovery facility, as defined in section 115A.03, subdivision 28; and
- (3) a transfer station, as defined in section 115A.03, subdivision 33.

A person loading or unloading a vehicle at one of these facilities shall weigh the loaded vehicle and record the weight as provided in subdivision 1.

(b) This subdivision does not apply to a facility on which:

- (1) the pollution control agency has served a notice of closing;
- (2) the owner or operator will close the facility in less than one year; or



(3) the owner or operator can demonstrate that the facility receives less than 75,000 cubic yards of solid waste per year.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective December 31, 1987.

Section 3 is effective July 1, 1987, for facilities that have scales and July 1, 1990, for facilities that do not have scales."

Delete the title and insert:

"A bill for an act relating to environment; requiring vehicle weighing scales at solid waste disposal facilities, resource recovery facilities, and waste transfer stations; amending Minnesota Statutes 1986, section 169.872, subdivisions 2 and 3, and by adding a subdivision."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Transportation.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1475, A bill for an act relating to state government; civil service; providing opportunities for persons with disabilities; amending Minnesota Statutes 1986, sections 43A.10, subdivision 8; 43A.13, subdivision 7; 43A.191, by adding a subdivision; 43A.42; proposing coding for new law in Minnesota Statutes, chapter 43A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [43A.071] [SERVICE WORKER.]

The disability levels and types covered under the service worker category in the state civil service may include persons with physical disabilities, mental health disabilities, and mental retardation.

Sec. 2. Minnesota Statutes 1986, section 43A.10, subdivision 8, is amended to read:

Subd. 8. [ELIGIBILITY FOR QUALIFIED HANDICAPPED EXAMINATIONS.] The commissioner shall establish examination procedures for candidates whose handicaps are of such a severe nature that the candidates are unable to demonstrate their abilities in

competitive examination processes. The examination procedures shall consist of up to 700 hours on-the-job trial work experience which will be in lieu of a competitive examination and for which the disabled person has the option of being paid or unpaid. Up to three persons with severe disabilities and their job coach shall be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience examination procedure. This work experience shall be limited to candidates for appointment, promotion, or transfer who have a physical or mental impairment for which there is no reasonable accommodation in the examination process. Implementation of provisions of this subdivision shall not be deemed a violation of other provisions of Laws 1981, chapter 210 or 363.

Sec. 3. [43A.421] [SUPPORTED WORK PROGRAM.]

A total of 50 additional full-time positions within agencies of state government may be selected for inclusion for a supported work program for persons with severe disabilities. A full-time position may be shared by up to three persons with severe disabilities and their job coach.

Amend the title as follows:

Page 1, line 4, delete "sections" and insert "section"

Page 1, line 5, delete everything after "8;"

Page 1, line 6, delete "subdivision; 43A.42;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1499, A bill for an act relating to health; requiring transfers from the special revenue account to the public health fund; amending Minnesota Statutes 1986, section 214.06, subdivision 1.

Reported the same back with the following amendments:

Page 2, after line 5, insert:

"Sec. 2. [COMMISSION ON HEALTH PLAN REGULATORY REFORM.]

Subdivision 1. [PURPOSE.] The legislature finds that the present rapid development of new health plan products and arrangements

may result in a situation in which consumer protection and equitable competition may be inadvertently impaired by statutes or rules adopted to address previously existing market conditions. The legislature further finds that it is desirable that existing regulatory requirements for health plans be reviewed in the light of recent and potential future changes in the types of health plans available to purchasers.

Subd. 2. [CREATION AND MEMBERSHIP.] The governor shall create a commission on health plan regulatory reform for the purpose of reviewing and making recommendations for any necessary improvements in state policy relating to the regulation of health insurers, nonprofit health service plans, health maintenance organizations, preferred provider organizations, and other arrangements that insure or finance the provision of health services.

The commission membership shall be as follows:

(1) the director of the state planning agency, or the director's designee, who shall chair the commission;

(2) two members from the senate of the state of Minnesota, one from the majority party and one from the minority party;

(3) two members from the house of representatives of the state of Minnesota, one from the majority party and one from the minority party;

(4) the commissioner of commerce, or the commissioner's designee;

(5) the commissioner of health, or the commissioner's designee;

(6) one member representing a health maintenance organization;

(7) one member representing a nonprofit health service plan;

(8) one member representing a health plan that is not a health maintenance organization or a nonprofit health service plan;

(9) one public employer;

(10) one private employer;

(11) one member representing organized labor; and

(12) two natural persons who are consumers.

Subd. 3. [REPORT.] The commission shall perform the review specified in subdivision 2 and report to the governor and the legislature by January 1, 1989.

Subd. 4. [APPROPRIATION.] \$..... is appropriated from the general fund to the commissioner of health for the purposes of this section. This appropriation is available only to the extent that it is matched on a dollar for dollar basis by contributions from the private sector. Pursuant to interagency agreement, the commissioner shall transfer appropriate portions of this amount to the state planning agency and the commerce department to support the staffing of the commission.

Page 2, line 6, delete "2" and insert "3"

Amend the title as follows:

Page 1, line 3, after the semicolon insert "appropriating money;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 1515, A bill for an act relating to public offices; fixing resignation effective dates; prohibiting contingent resignations; permitting the submission and withdrawal of prospective resignations in certain circumstances; providing for appeals in statewide election contests; amending Minnesota Statutes 1986, sections 2.722, subdivision 4; 209.09; 351.01; and 480A.06, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 209.09, is amended to read:

209.09 [APPEALS.]

Subdivision 1. [MOST CONTESTS.] If the decision of the district court in any contest under this chapter is appealed, the appellant shall file in the district court a bond of \$500 for the payment of all costs incurred by the respondent if appellant fails on the appeal. Except for a statewide contest or a state legislative contest, the notice of appeal must be served and filed in the court of appeals in

the case of a general election no later than ten days and, in the case of a primary, no later than five days after the entry of the district court's decision in the contest. The record on appeal must be made, certified, and filed in the court of appeals within 15 days after service of notice of appeal. The appeal may be brought on for hearing in the court at any time, upon notice from either party, as the court determines; and may be heard and determined summarily by the court.

Subd. 2. [STATEWIDE OFFICES AND QUESTIONS.] Section 209.10, subdivision 4, applies to a contest regarding a statewide office, a constitutional amendment, or other question voted on statewide. A copy of the supreme court's decision must be forwarded to the contestant and the contestee.

Sec. 2. Minnesota Statutes 1986, section 351.01, is amended to read:

### 351.01 [RESIGNATIONS.]

Subdivision 1. [TO WHOM MADE.] Resignations shall be made in writing signed by the resigning officer:

(1) By incumbents of elective offices, to the officer authorized by law to fill a vacancy in such office by appointment, or to order a special election to fill the vacancy;

(2) By appointive officers, to the body, board, or officer appointing them, unless otherwise specially provided.

Subd. 2. [WHEN EFFECTIVE.] Except as provided by subdivision 3 or other express provision of law or charter to the contrary, a resignation is effective when it is received by the officer, body, or board authorized to receive it.

Subd. 3. [CONTINGENT RESIGNATIONS PROHIBITED; EXCEPTION.] (a) Except as provided in paragraph (b), no resignation may be made to take effect upon the occurrence of a future contingency. Statements explaining the reasons for a resignation must not be considered to be contingencies unless expressly stated as contingencies.

(b) A resignation may be made expressly to take effect at a stated future date. Unless it is withdrawn as provided under subdivision 4, a resignation is effective at 12:01 a.m. on the stated date.

Subd. 4. [WITHDRAWAL OF RESIGNATION.] A prospective resignation permitted by subdivision 3 may only be withdrawn by a written statement signed by the officer and submitted in the same manner as the resignation, before it has been accepted by resolution

of the body or board or a written acceptance of the officer authorized to receive it.

Sec. 3. Minnesota Statutes 1986, section 480A.06, subdivision 1, is amended to read:

Subdivision 1. [FINAL DECISIONS.] The court of appeals has jurisdiction of appeals from all final decisions of the trial courts, other than the conciliation courts, of the state of Minnesota, except that it shall not have jurisdiction of appeals in legislative or statewide election contests or criminal appeals in cases in which the defendant has been convicted of murder in the first degree.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public offices; fixing resignation effective dates; prohibiting contingent resignations; permitting the submission and withdrawal of prospective resignations in certain circumstances; providing for appeals in statewide election contests; amending Minnesota Statutes 1986, sections 209.09; 351.01; and 480A.06, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 1563, A bill for an act relating to public safety; providing that local governing body may appoint local board of appeal for order issued under the state fire code; providing for finding on cost-benefit ratio obtained by complying with order; providing for notice; providing for liability of owners of dwellings for nonfunctioning smoke detectors; providing penalties; amending Minnesota Statutes 1986, sections 299F.011, subdivisions 5, 6, and by adding a subdivision; and 299F.362, subdivisions 5 and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 299F.011, is amended by adding a subdivision to read:

Subd. 5a. [LOCAL BOARD OF APPEAL.] Local governing bodies may appoint boards of appeal to hear and rule on appeals from orders issued under the fire code. An appeal from a local board of appeal may be made to the local governing body. If a board of appeal is not appointed, the appeals of orders must be made directly to the governing body. Local boards of appeal and governing bodies are not liable for damages in connection with granting variances, abatements, denials, or modifications of orders from the fire code that are made in good faith.

Sec. 2. Minnesota Statutes 1986, section 299F.011, is amended by adding a subdivision to read:

Subd. 5b. When considering appeals for variances from the fire code, the local appeal board or governing body, the state fire marshal, a state administrative law judge, and a court shall take into consideration the benefit to be obtained by complying with the fire marshal's orders and the effect on affordable housing.

Sec. 3. Minnesota Statutes 1986, section 299F.011, subdivision 6, is amended to read:

Subd. 6. A person who violates a provision of the uniform fire code shall be guilty of a misdemeanor. No person shall be convicted for violating the uniform fire code unless the person shall have been given notice of the violation in writing and reasonable time to comply. The notice must contain a statement explaining the right to appeal the orders.

Sec. 4. Minnesota Statutes 1986, section 299F.362, subdivision 5, is amended to read:

Subd. 5. [MAINTENANCE RESPONSIBILITIES.] For all occupancies covered by this section where the occupant is not the owner of the dwelling unit or the guest room, the owner is responsible for maintenance of the smoke detectors. An owner may file inspection and maintenance reports with the local fire marshal for establishing evidence of inspection and maintenance of smoke detectors.

Sec. 5. Minnesota Statutes 1986, section 299F.362, is amended by adding a subdivision to read:

Subd. 5a. [INFORM OWNER; NO ADDED LIABILITY.] The occupant of a dwelling unit must inform the owner of the dwelling unit of a nonfunctioning smoke detector within 24 hours of discovering that the smoke detector in the dwelling unit is not functioning. If the occupant fails to inform the owner under this subdivision, the occupant's liability for damages is not greater than it otherwise would be.

Sec. 6. Minnesota Statutes 1986, section 299F.362, subdivision 6, is amended to read:

Subd. 6. [~~PENALTY PENALTIES.~~] (a) Any person who violates any provision of this section shall be subject to the same penalty incurred for violation of the uniform fire code, as specified in section 299F.011, subdivision 6.

(b) An occupant who willfully disables a smoke detector or causes it to be nonfunctioning, resulting in damage or injury to persons or property, is guilty of a misdemeanor."

Delete the title and insert:

"A bill for an act relating to public safety; providing that local governing body may appoint local board of appeal for order issued under the state fire code; providing for notice; providing for smoke detector maintenance; providing penalties; amending Minnesota Statutes 1986, sections 299F.011, subdivision 6, and by adding subdivisions; and 299F.362, subdivisions 5, 6, and by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

S. F. No. 161, A bill for an act relating to veterans; requiring the commissioner to establish a certification process for veterans service officers; amending Minnesota Statutes 1986, section 197.605, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

S. F. No. 184, A bill for an act relating to utilities; trade practices; restricting use and connection of automatic dialing-announcing



devices to telephone lines; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [325E.26] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 7 have the meanings given them in this section.

Subd. 2. [AUTOMATIC DIALING-ANNOUNCING DEVICE.] "Automatic dialing-announcing device" means a device that selects and dials telephone numbers and that, working alone or in conjunction with other equipment, disseminates a prerecorded or synthesized voice message to the telephone number called.

Subd. 3. [CALLER.] "Caller" means an individual, corporation, firm, partnership, association, or legal or commercial entity who attempts to contact, or who contacts, a subscriber in this state by using a telephone or a telephone line.

Subd. 4. [COMMERCIAL TELEPHONE SOLICITATION.] "Commercial telephone solicitation" means any unsolicited call to a residential subscriber when the person initiating the call has not had a prior business or personal relationship with the subscriber, and when the purpose of the call is to solicit the purchase or the consideration of purchase of goods or services by the subscriber. Commercial telephone solicitation does not include calls initiated by organizations listed in section 290.21, subdivision 3, clauses (a) to (e).

Subd. 5. [SUBSCRIBER.] "Subscriber" means an individual who has subscribed to residential telephone service from a telephone company regulated by this state, and the other persons living or residing with the subscribing individual.

Subd. 6. [TELEPHONE COMPANY.] "Telephone company" means those companies subject to the commission's regulatory authority under section 237.075.

Sec. 2. [325E.27] [USE OF PRERECORDED OR SYNTHESIZED VOICE MESSAGES.]

A caller shall not use or connect to a telephone line an automatic dialing-announcing device that delivers a prerecorded or synthesized voice message, unless: (1) the subscriber has knowingly or voluntarily requested, consented to, permitted, or authorized receipt of the message; or (2) the message is immediately preceded by a live

operator who introduces the message. This section does not prohibit the use of automatic dialing-announcing devices for contacting subscribers with whom the caller has a current business relationship or advising parents that their children are not in attendance at school.

Sec. 3. [325E.28] [REQUIREMENTS ON AUTOMATIC DIALING-ANNOUNCING DEVICES.]

A caller shall not use an automatic dialing-announcing device unless the device is designed and operated so as to disconnect within ten seconds after termination of the telephone call by the subscriber.

Sec. 4. [325E.29] [MESSAGE REQUIREMENTS.]

At the outset of the message, a prerecorded or synthesized voice message subject to section 2, must disclose:

(1) the name of the business, firm, organization, association, partnership, or entity for which the message is being made;

(2) the purpose of the message; and

(3) the identity or kinds of goods or services the message is promoting.

If the message solicits payment or commitment of funds, that must be disclosed.

Sec. 5. [325E.30] [COMMERCIAL TELEPHONE SOLICITATION.]

Subdivision 1. [RULES.] The public utilities commission shall adopt rules to protect residential telephone subscribers from unwanted telephone solicitation. The rules must require that, by May 1, 1988, each telephone company:

(1) allow residential subscribers the option of having an asterisk placed by their names in the company's annual directory to denote that they do not want to receive calls for commercial telephone solicitation; or

(2) publish a separate directory of subscribers who do not want commercial telephone solicitation; or

(3) compile a list, including names and telephone numbers, of subscribers who do not want commercial telephone solicitation; or

(4) any combination of the above.

Any directory or list compiled must be updated annually and must be made available to persons who engage in commercial solicitation.

Subd. 3. [UNWANTED SOLICITATION PROHIBITED.] No person shall make a commercial telephone solicitation to a residential subscriber if that subscriber:

(1) is listed in the regular directory with an asterisk;

(2) is listed in a separate directory of subscribers who do not want commercial telephone solicitation; or

(3) is on a list of subscribers who do not want commercial telephone solicitation.

Subd. 4. [RECORDS.] Every person who engages in commercial telephone solicitation shall keep records of every telephone number called with the date and time of each call. These records shall be available for inspection by a city or county attorney or the attorney general.

Subd. 5. [NOTICE.] Each telephone company shall provide an efficient mechanism to identify residential subscribers who do not want commercial telephone solicitation and shall annually notify its subscribers of the opportunity to be listed so as to preclude unwanted solicitation. Each subscriber must notify the telephone company, in the manner provided by the company, of the subscriber's desire not to receive commercial telephone solicitation before the subscriber may be so listed.

Sec. 6. [325E.31] [PRIVATE RIGHT OF ACTION.]

A subscriber contacted by a caller in violation of sections 2 to 4 may bring an action to recover damages of not more than \$250, together with reasonable attorney's fees.

Sec. 7. [325E.32] [PENALTIES; REMEDIES.]

A person who is found to have violated sections 2 to 5 is subject to the penalties and remedies provided in section 8.31. A person who violated section 5 is also guilty of a petty misdemeanor."

Delete the title and insert:

"A bill for an act relating to telephone use; restricting use and connection of automatic dialing-announcing devices to telephone lines; allowing individual residential subscribers to prohibit unwanted commercial telephone solicitation; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 325E."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Commerce.

The report was adopted.

Osthoff from the Committee on Metropolitan Affairs to which was referred:

S. F. No. 282, A bill for an act relating to metropolitan government; permitting regional railroad authorities to engage in certain activities; amending Minnesota Statutes 1986, section 473.398.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 473.398, is amended to read:

473.398 [TRANSIT NEEDS ASSESSMENT.]

(a) The metropolitan council, the regional transit board, and the metropolitan transit commission, and any regional rail authority or political subdivision in the metropolitan area may not either separately or in combination expend or obligate any money from public sources for study, planning, design, preliminary engineering, engineering, acquisition, construction, or any other purpose related to facilities for transporting passengers by cars operating on fixed rails, without express legislative authorization.

(b) Before performing any further detailed work on light rail transit, the regional transit board shall complete the total assessment of transit service needs and markets for the metropolitan area and the implementation plan required by section 473.377, subdivisions 1 and 2. It may consider any mode of travel to serve identified needs and markets.

(c) Following approval of the implementation plan by the metropolitan council, as required by section 473.377, subdivision 1, the regional transit board may commence corridor planning, consisting of preliminary engineering for general route configuration and alignments, station locations, modal interconnectors, and access of any modes including light rail transit, for the corridor between the downtowns of Minneapolis and St. Paul if the needs assessment and implementation plan so provide. It may utilize private or public funds to do this work.

(d) The board shall report to the legislature by December 1, 1986, on the needs, alternative transit systems, and services considered

and recommendations for implementation, costs, alternative sources of financing, and preferred financing sources.

(e) Notwithstanding the provisions of paragraph (a), the metropolitan council may cooperate with regional rail authorities in the study, planning, and design of regional rail authority light rail transit systems, and the metropolitan transit commission may cooperate with regional rail authorities in the operation and operational planning of regional rail authority light rail transit systems.

Sec. 2. [473.170] [LIGHT RAIL TRANSIT; DESIGN PLANS.]

Subdivision 1. [REQUIREMENT.] Before constructing a light rail transit facility, the political subdivision proposing the facility must have held a public hearing on preliminary design plans, as provided in subdivision 2, and submitted preliminary and final design plans for review, as provided in subdivisions 3 to 5. Design plans must include a plan for handicapped accessibility.

Subd. 2. [PRELIMINARY DESIGN PLANS; PUBLIC HEARING.] Before preparing final design plans for a light rail transit facility, a public hearing on the preliminary design plans must be held by the political subdivision proposing the facility. The hearing must be held following appropriate public notification and publicity to ensure that affected parties have an opportunity to present their views at the hearing.

Subd. 3. [PRELIMINARY DESIGN PLANS; LOCAL APPROVAL.] At least 30 days before the hearing under subdivision 2, the proposer shall submit the preliminary design plans to the governing body of each statutory and home rule charter city, county, and town in which the route is proposed to be located. The city, county, or town shall hold a public hearing and has 45 days following the hearing under subdivision 2 to review and approve or disapprove the plans for the route located in the city, county, or town. Failure to respond within the time period is deemed to be approval, unless an extension of time is agreed to by the city, county, or town and the proposer. If the preliminary design plans are approved, the proposer may proceed with final design plans under subdivision 5.

Subd. 4. [PRELIMINARY DESIGN PLANS; METROPOLITAN COUNCIL REFERRAL.] If the governing body of one or more cities, counties, or towns disapproves the preliminary design plans within the period allowed under subdivision 3, the proposer may refer the plans to the metropolitan council. The council shall hold a hearing, giving the proposer and the disapproving local governmental units opportunity to present the case for or against approval of the plans. The council may conduct independent study as it deems desirable and may mediate and attempt to resolve disagreements about the plans. Not later than 90 days after the referral, the council shall either approve the plans as submitted by the proposer or recommend

amended plans to accommodate the objections presented by the disapproving local governmental units. Failure to respond within the time period is deemed to be approval, unless an extension of time is agreed to by the council and the proposer. Following approval or recommendation of preliminary design plans by the council, the proposer may proceed with final design plans under subdivision 5.

Subd. 5. [FINAL DESIGN PLANS.] (a) After the approval of preliminary design plans under subdivision 3 or review by the council following referral to the council under subdivision 4, the proposer may prepare final design plans.

(b) Before proceeding with construction, the proposer shall submit the final design plans to the governing body of each statutory and home rule city, county, and town in which the route is proposed to be located. The city, county, or town has 60 days following the submittal to review and approve or disapprove the plan for the route located in the city, county, or town. Failure to respond within the time period is deemed to be approval, unless an extension is agreed to by the city, county, or town and the proposer. If the final design plans are approved, the proposer may proceed with construction.

(c) If the governing body of one or more cities, counties, or towns disapproves of the final design plans within the period allowed under paragraph (b), the proposer may refer the plans to the metropolitan council. The council shall review the final plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans. Following approval or recommendation of final design plans by the council, the proposer may proceed with construction.

Subd. 6. [COUNTY APPROVAL.] Preliminary and final design plans for a light rail transit facility in the metropolitan area must be submitted for approval or disapproval by the governing board of the county in which the route is proposed to be located. The proposer of the facility may not proceed with the facility without the approval of the county.

Subd. 7. [COUNCIL APPROVAL.] Before proceeding with final plans for a light rail transit facility, a regional rail authority established under chapter 398A shall submit preliminary engineering and other plans to the metropolitan council for review, and approval or disapproval, for consistency with the council's development guide.

Subd. 8. [METROPOLITAN SIGNIFICANCE.] Nothing in this section diminishes or replaces the authority of the council under section 473.173.

Sec. 3. [METROPOLITAN TRANSIT PLANNING PROCESS.]

By January 15, 1988, the council shall report to the legislature a recommended process for coordinating the planning and development of transit by regional railroad authorities and other political subdivisions.

Sec. 4. [APPLICATION.]

Sections 1 to 3 are effective the day following final enactment in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Delete the title and insert:

"A bill for an act relating to metropolitan government; permitting regional railroad authorities to engage in certain activities; amending Minnesota Statutes 1986, section 473.398; proposing coding for new law in Minnesota Statutes, chapter 473."

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

S. F. No. 378, A bill for an act relating to utilities; requiring owners of electric power lines to trim vegetation around lines; providing that failure to trim vegetation is a nuisance; proposing coding for new law in Minnesota Statutes, chapter 561.

Reported the same back with the following amendments:

Page 2, line 19, before the period insert "except that a landowner who does not grant a public utility permission to remove vegetation around the utility's electric lines may not recover damages caused from the lack of removal"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

S. F. No. 721, A bill for an act relating to veterans; requiring the placement of a plaque on the Capitol grounds recognizing certain prisoners of war and soldiers missing in action.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

S. F. No. 1349, A bill for an act relating to state departments and agencies; renaming the division of emergency services; amending Minnesota Statutes 1986, section 12.04.

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. 259, 384, 529, 569, 574, 647, 884, 1304, 1328, 1404, 1475, 1515 and 1563 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 161, 282, 378, 721 and 1349 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Vanasek, Schreiber, Voss, Forsythe and Anderson, G., introduced:

H. F. No. 1623, A bill for an act relating to state government; creating a legislative budget office; providing for its duties; providing for a director of the legislative budget office and the manner of the director's appointment and service; eliminating the department of finance and transferring its powers and duties to the department of revenue; amending Minnesota Statutes 1986, sections 3.30, subdivision 1; 3.303, subdivision 2; 3.98, subdivisions 1 and 4; 3.982; 15.06, subdivision 1; 270.66, subdivision 1; 282.09, subdivision 1; and 293.06; proposing coding for new law in Minnesota Statutes, chapter 270A; proposing coding for new law as Minnesota Statutes,



chapters 3D and 272A; repealing Minnesota Statutes 1986, sections 3.30, subdivision 2; 16A.01; 16A.1281; and 16A.45.

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

Larsen; Carlson, D.; Solberg; Beard and Price introduced:

H. F. No. 1624, A bill for an act relating to commerce; regulating personal property locker facilities; providing licensing and bonding requirements; regulating rental agreements; providing minimum health and safety standards; proposing coding for new law as Minnesota Statutes, chapter 504A.

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

Solberg and Neuenschwander introduced:

H. F. No. 1625, A bill for an act relating to veterans; requiring the construction of a veterans home in Grand Rapids with the use of nonstate funds and providing for the operation and administration of the home; proposing coding for new law in Minnesota Statutes, chapter 198.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Kahn, Ogren, Greenfield and Anderson, R., introduced:

H. F. No. 1626, A bill for an act relating to alcoholic beverages; directing the commissioner of public safety to establish a program for approving courses to train servers of alcoholic beverages in responsible sale and consumption; proposing coding for new law in Minnesota Statutes, chapter 299A.

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

Kahn, Ogren, Greenfield and Anderson, R., introduced:

H. F. No. 1627, A bill for an act relating to alcoholic beverages; authorizing cities and counties to issue licenses permitting on-sales of alcoholic beverages during certain hours when on-sales are otherwise prohibited; amending Minnesota Statutes 1986, section

340A.504, subdivisions 1, 2, 3, and 6; proposing coding for new law in Minnesota Statutes, chapter 340A.

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

Kahn, Battaglia, Clark, Rose and Sparby introduced:

H. F. No. 1628, A bill for an act relating to environment; requiring an assessment to be paid by nuclear fission electrical generating plants to fund the costs of certain high-level radioactive waste programs; 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 and Voss introduced:

H. F. No. 1629, A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

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

Blatz, Kludt, Vellenga, McDonald and Dempsey introduced:

H. F. No. 1630, A bill for an act relating to child abuse; requiring a clergyman who knows or has reason to believe a child is being abused to report the information to law enforcement authorities or the local welfare agency; amending Minnesota Statutes 1986, section 626.556, subdivision 3.

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

#### HOUSE ADVISORIES

The following House Advisories were introduced:

Rodosovich, Knuth, Simoneau and Blatz introduced:

H. A. No. 25, A proposal to study changes to the Minnesota administrative procedure act.

The advisory was referred to the Committee on Governmental Operations.

Tjornhom introduced:

H. A. No. 26, A proposal to study the effects of aircraft noise on property values.

The advisory was referred to the Committee on Metropolitan Affairs.

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 557, A bill for an act relating to state departments and agencies; renaming the mental retardation division of the department of human services; amending Minnesota Statutes 1986, section 245.072.

H. F. No. 1042, A bill for an act relating to motor carriers; exempting drivers of intrastate charter carriers from having in possession a medical examiner certificate if the driver has a school bus endorsement; amending Minnesota Statutes 1986, section 221.031, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 499, 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 1986, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1986, section 473.517, subdivisions 4, 5, and 7.

H. F. No. 1028, A bill for an act relating to labor; regulating mediation, fact finding, and other functions of the bureau of medi-

ation services; providing for violations of the labor union democracy act; amending Minnesota Statutes 1986, sections 179.02, subdivision 2, and by adding a subdivision; 179.07; 179.08; 179.083; 179.22; 179.38; proposing coding for new law in Minnesota Statutes, chapter 179; repealing Minnesota Statutes 1986, sections 179.05; 179.23; and 179.24.

PATRICK E. FLAHAVER, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 235, A bill for an act relating to education; allowing certain districts to mail summaries of the school board proceedings rather than publish them; amending Minnesota Statutes 1986, section 123.33, by adding a subdivision.

H. F. No. 1049, A bill for an act relating to labor; regulating the administration of the occupational safety and health act; clarifying employee rights to sue; amending Minnesota Statutes 1986, sections 182.659, subdivisions 6 and 8; 182.661, by adding a subdivision; 182.666, subdivisions 1, 2, 4, 5, and 6; and 182.669, subdivision 1.

PATRICK E. FLAHAVER, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 235, 345 and 922.

PATRICK E. FLAHAVER, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 235, A bill for an act relating to missing children; requiring schools to develop policies on notifying parents whose children are absent from school; requiring that certain documents be provided to schools when new students enroll; proposing coding for new law in Minnesota Statutes, chapter 123.

The bill was read for the first time.

Bishop moved that S. F. No. 235 and H. F. No. 259, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 345, A bill for an act relating to environment; prohibiting the use of certain pesticides; proposing coding for new law in Minnesota Statutes, chapter 18A.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 345 and H. F. No. 844, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 922, A bill for an act relating to horse racing; regulating license suspensions and revocations of class C licenses; modifying the time periods and dollar limitations used to trigger contested case hearings; requiring rules that prohibit horses from carrying foreign substances when they race; requiring medical testing fee rules; making permanent the statutory provisions authorizing the use of certain medications; amending Minnesota Statutes 1986, sections 240.08, subdivision 5; 240.16, subdivision 1; 240.22; 240.24, subdivisions 1 and 3; and Laws 1985, chapter 211, section 5.

The bill was read for the first time.

Redalen moved that S. F. No. 922 and H. F. No. 1038, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

The Speaker called Long to the Chair.

### CONSENT CALENDAR

H. F. No. 1495, A bill for an act relating to liquor; authorizing the city of Little Falls to issue a temporary on-sale intoxicating liquor license.

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 113 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Omann	Simoneau
Anderson, R.	Gruenes	Lasley	Orenstein	Skoglund
Battaglia	Gutknecht	Lieder	Osthoff	Solberg
Bauerly	Hartle	Long	Otis	Stanius
Beard	Heap	Marsh	Ozment	Steensma
Begich	Himle	McEachern	Pappas	Swiggum
Bennett	Hugoson	McKasy	Pauly	Swenson
Bertram	Jacobs	McLaughlin	Pelowski	Tompkins
Bishop	Jaros	McPherson	Peterson	Trimble
Blatz	Jefferson	Milbert	Price	Tunheim
Boo	Jennings	Miller	Redalen	Uphus
Brown	Jensen	Minne	Reding	Valento
Burger	Johnson, A.	Morrison	Rest	Vanasek
Carlson, D.	Johnson, V.	Munger	Rice	Voss
Carlson, L.	Kahn	Nelson, C.	Riveness	Wagenius
Carruthers	Kalis	Nelson, D.	Rodosovich	Waltman
Clark	Kelly	Nelson, K.	Rose	Welle
Clausnitzer	Kelso	Neuenschwander	Rukavina	Wenzel
Cooper	Kinkel	O'Connor	Sarna	Winter
Dauner	Kludt	Ogren	Scheid	Wynia
DeBlieck	Knuth	Olsen, S.	Schoenfeld	Spk. Norton
Dorn	Kostohryz	Olson, E.	Seaberg	
Forsythe	Krueger	Olson, K.	Segal	

Those who voted in the negative were:

Dempsey	Frerichs	Haukoos	Johnson, R.	Onnen Schafer
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The bill was passed and its title agreed to.

S. F. No. 157 was reported to the House.

Orenstein moved that S. F. No. 157 be continued on the Consent Calendar for one day. The motion prevailed.

S. F. No. 324, A bill for an act relating to traffic regulations; removing exemptions regarding alcohol-or controlled substance-related activities of persons engaged in work upon the highway; amending Minnesota Statutes 1986, section 169.03, subdivision 6.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, D.	Dauner	Frederick
Anderson, R.	Bertram	Carlson, L.	DeBlieck	Frerichs
Battaglia	Blatz	Carruthers	Dempsey	Greenfield
Bauerly	Boo	Clark	Dille	Gruenes
Beard	Brown	Clausnitzer	Dorn	Gutknecht
Begich	Burger	Cooper	Forsythe	Hartle

Haukoos	Krueger	Nelson, K.	Quist	Steensma
Heap	Larsen	Neuenschwander	Redalen	Sviggum
Himle	Lasley	O'Connor	Reding	Swenson
Hugoson	Lieder	Ogren	Rice	Thiede
Jacobs	Long	Olsen, S.	Richter	Tjornhom
Jaros	Marsh	Olson, E.	Rodosovich	Tompkins
Jefferson	McDonald	Olson, K.	Rose	Trimble
Jennings	McEachern	Omann	Rukavina	Tunheim
Jensen	McKasy	Onnen	Sarna	Uphus
Johnson, A.	McLaughlin	Orenstein	Schafer	Valento
Johnson, R.	McPherson	Osthoff	Scheid	Vanasek
Johnson, V.	Milbert	Otis	Schoenfeld	Voss
Kalis	Miller	Ozment	Schreiber	Wagenius
Kelly	Minne	Pappas	Segal	Waltman
Kelso	Morrison	Pauly	Simoneau	Welle
Kinkel	Munger	Pelowski	Skoglund	Wenzel
Kludt	Murphy	Peterson	Solberg	Winter
Knuth	Nelson, C.	Poppenhagen	Sparby	Wynia
Kostohryz	Nelson, D.	Price	Stanisus	Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 365, A bill for an act relating to search and seizure; requiring enforcement officers to have probable cause before entering certain buildings to determine whether wild animals are stored in compliance with the game and fish laws; amending Minnesota Statutes 1986, section 97A.215, 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Krueger	Omann	Schoenfeld
Anderson, R.	Frerichs	Larsen	Onnen	Schreiber
Battaglia	Greenfield	Lasley	Orenstein	Seaberg
Bauerly	Gruenes	Lieder	Osthoff	Segal
Beard	Gutknecht	Long	Otis	Simoneau
Begich	Hartle	Marsh	Ozment	Skoglund
Bennett	Haukoos	McDonald	Pappas	Solberg
Bertram	Heap	McEachern	Pauly	Sparby
Bishop	Himle	McKasy	Pelowski	Stanisus
Blatz	Hugoson	McLaughlin	Peterson	Steensma
Boo	Jacobs	McPherson	Poppenhagen	Sviggum
Brown	Jaros	Milbert	Price	Swenson
Burger	Jefferson	Miller	Quist	Thiede
Carlson, D.	Jennings	Minne	Redalen	Tjornhom
Carlson, L.	Jensen	Morrison	Reding	Tompkins
Carruthers	Johnson, A.	Munger	Rest	Trimble
Clark	Johnson, R.	Murphy	Rice	Tunheim
Clausnitzer	Johnson, V.	Nelson, C.	Richter	Uphus
Cooper	Kalis	Nelson, D.	Riveness	Valento
Dauner	Kelly	Nelson, K.	Rodosovich	Vanasek
DeBlick	Kelso	Neuenschwander	Rose	Voss
Dempsey	Kinkel	O'Connor	Rukavina	Wagenius
Dille	Kludt	Olsen, S.	Sarna	Waltman
Dorn	Knuth	Olson, E.	Schafer	Welle
Forsythe	Kostohryz	Olson, K.	Scheid	Wenzel

Winter Wynia Spk. Norton

The bill passed and its title agreed to.

H. F. No. 1185, A bill for an act relating to education; clarifying that funds may not be transferred from the debt redemption fund; amending Minnesota Statutes 1986, section 121.9121, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Marsh	Pappas	Sparby
Battaglia	Hartle	McDonald	Pauly	Stanius
Bauerly	Haukoos	McEachern	Pelowski	Steensma
Beard	Heap	McKasy	Peterson	Sviggum
Bennett	Himle	McLaughlin	Poppenhagen	Swenson
Bertram	Hugoson	McPherson	Price	Thiede
Bishop	Jacobs	Milbert	Quist	Tjornhom
Blatz	Jaros	Miller	Redalen	Tompkins
Boo	Jefferson	Minne	Reding	Trimble
Brown	Jennings	Morrison	Rest	Tunheim
Burger	Jensen	Munger	Rice	Uphus
Carlson, D.	Johnson, A.	Murphy	Richter	Valento
Carlson, L.	Johnson, R.	Nelson, C.	Riveness	Vanasek
Carruthers	Johnson, V.	Nelson, D.	Rodosovich	Voss
Clark	Kalis	Nelson, K.	Rose	Wagenius
Clausnitzer	Kelly	Neuenschwander	Rukavina	Waltman
Cooper	Kelso	O'Connor	Sarna	Welle
Dauner	Kinkel	Olsen, S.	Schafer	Wenzel
DeBlicck	Kludd	Olson, E.	Scheid	Winter
Dempsey	Knuth	Olson, K.	Schoenfeld	Wynia
Dille	Kostohryz	Omam	Schreiber	Spk. Norton
Dorn	Krueger	Onnen	Seaberg	
Forsythe	Larsen	Orenstein	Segal	
Frederick	Lasley	Osthoff	Simoneau	
Greenfield	Lieder	Otis	Skoglund	
Gruenes	Long	Ozment	Solberg	

The bill was passed and its title agreed to.

S. F. No. 59, A bill for an act relating to highway traffic regulations; prescribing who shall prosecute persons who operate motorboats while under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1986, section 361.12, 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.	Gruenes	Long	Otis	Solberg
Anderson, R.	Gutknecht	Marsh	Ozment	Sparby
Battaglia	Hartle	McDonald	Pappas	Stanius
Bauerly	Haukoos	McEachern	Pauly	Steensma
Beard	Heap	McKasy	Pelowski	Sviggum
Begich	Himle	McLaughlin	Peterson	Swenson
Bennett	Hugoson	McPherson	Poppenhagen	Thiede
Bertram	Jacobs	Milbert	Price	Tjornhom
Bishop	Jaros	Miller	Quist	Tompkins
Blatz	Jefferson	Minne	Redalen	Trimble
Brown	Jennings	Morrison	Reding	Tunheim
Burger	Jensen	Munger	Rest	Uphus
Carlson, L.	Johnson, A.	Murphy	Rice	Valento
Carruthers	Johnson, V.	Nelson, C.	Richter	Vanasek
Clark	Kahn	Nelson, D.	Riveness	Voss
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Wagenius
Cooper	Kelly	Neuenschwander	Rukavina	Waltman
Dauner	Kelso	O'Connor	Sarna	Welle
DeBlieck	Kinkel	Ogren	Schafer	Wenzel
Dempsey	Kludt	Olsen, S.	Scheid	Winter
Dille	Knuth	Olson, E.	Schoenfeld	Wynia
Dorn	Kostohryz	Olson, K.	Schreiber	Spk. Norton
Forsythe	Krueger	Omann	Seaberg	
Frederick	Larsen	Onnen	Segal	
Frerichs	Lasley	Orenstein	Simoneau	
Greenfield	Lieder	Osthoff	Skoglund	

The bill was passed and its title agreed to.

S. F. No. 698, A bill for an act relating to education; authorizing northeast metropolitan intermediate school district No. 916 to issue certain bonds for the acquisition and betterment of a secondary vocational and special education 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. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Himle	Knuth	Morrison
Anderson, R.	Clausnitzer	Hugoson	Kostohryz	Munger
Battaglia	Cooper	Jacobs	Krueger	Murphy
Bauerly	DeBlieck	Jaros	Larsen	Nelson, C.
Beard	Dempsey	Jefferson	Lasley	Nelson, D.
Begich	Dille	Jennings	Lieder	Nelson, K.
Bennett	Dorn	Jensen	Long	Neuenschwander
Bertram	Forsythe	Johnson, A.	Marsh	O'Connor
Bishop	Frederick	Johnson, R.	McDonald	Olsen, S.
Blatz	Frerichs	Johnson, V.	McEachern	Olson, E.
Boo	Greenfield	Kahn	McKasy	Olson, K.
Brown	Gruenes	Kalis	McLaughlin	Omann
Burger	Gutknecht	Kelly	McPherson	Onnen
Carlson, D.	Hartle	Kelso	Milbert	Orenstein
Carlson, L.	Haukoos	Kinkel	Miller	Osthoff
Carruthers	Heap	Kludt	Minne	Otis

Ozment	Rest	Schreiber	Swenson	Wagenius
Pappas	Rice	Seaberg	Thiede	Waltman
Pauly	Richter	Segal	Tjornhom	Welle
Pelowski	Riveness	Simoneau	Tompkins	Wenzel
Peterson	Rodosovich	Skoglund	Trimble	Winter
Poppenhagen	Rose	Solberg	Tunheim	Wynia
Price	Rukavina	Sparby	Uphus	Spk. Norton
Quist	Schafer	Stanius	Valento	
Redalen	Scheid	Steensma	Vanasek	
Reding	Schoenfeld	Sviggum	Voss	

The bill was passed and its title agreed to.

### SPECIAL ORDERS

S. F. No. 341, A bill for an act relating to insurance; regulating unfair settlement practices of automobile insurers; requiring repairs with original equipment parts; providing an exception; regulating insurance appraisals; revising the truth-in-repairs act to require disclosure of whether new parts are original equipment parts; amending Minnesota Statutes 1986, sections 72A.20, subdivision 12a; 72B.091, subdivision 2; 325F.56, subdivision 8; and 325F.60, 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 122 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Osthoff	Skoglund
Anderson, R.	Gutknecht	Marsh	Otis	Solberg
Battaglia	Hartle	McDonald	Ozment	Sparby
Bauerly	Haukoos	McEachern	Pauly	Stanius
Beard	Heap	McKasy	Pelowski	Steensma
Begich	Hugoson	McLaughlin	Peterson	Sviggum
Bennett	Jacobs	McPherson	Price	Swenson
Bertram	Jaros	Milbert	Quinn	Thiede
Bishop	Jefferson	Miller	Quist	Tjornhom
Blatz	Jennings	Minne	Redalen	Tompkins
Boo	Jensen	Morrison	Reding	Tunheim
Brown	Johnson, A.	Munger	Rest	Uphus
Burger	Johnson, R.	Murphy	Rice	Valento
Carlson, D.	Johnson, V.	Nelson, C.	Richter	Vanasek
Carlson, L.	Kahn	Nelson, D.	Riveness	Voss
Carruthers	Kalis	Nelson, K.	Rodosovich	Wagenius
Clark	Kelly	Neuenschwander	Rose	Waltman
Clausnitzer	Kinkel	O'Connor	Rukavina	Welle
Cooper	Kludt	Ogren	Sarna	Wenzel
Dauner	Knuth	Olsen, S.	Schafer	Winter
DeBleeck	Kostohryz	Olson, E.	Scheid	Wynia
Dempsey	Krueger	Olson, K.	Schoenfeld	Spk. Norton
Dorn	Larsen	Omann	Seaberg	
Frerichs	Lasley	Onnen	Segal	
Greenfield	Lieder	Orenstein	Simoneau	

Those who voted in the negative were:

Forsythe

The bill was passed and its title agreed to.

H. F. No. 291 was reported to the House.

Winter moved to amend H. F. No. 291, the first engrossment, as follows:

Page 9, line 30, reinstate the stricken "a reciprocating state"

Page 9, line 30, delete "any"

The motion prevailed and the amendment was adopted.

Winter moved to amend H. F. No. 291, the first engrossment, as amended, as follows:

Page 24, delete lines 14 to 17

The motion prevailed and the amendment was adopted.

Winter moved to amend H. F. No. 291, the first engrossment, as amended, as follows:

Pages 24 to 27, delete section 35

Renumber remaining sections

Amend the title as follows:

Page 1, line 34, after "325G.36;" insert "and"

Page 1, line 35, delete "and 336.9-501;"

The motion prevailed and the amendment was adopted.

Scheid moved to amend H. F. No. 291, the first engrossment, as amended, as follows:

Page 6, line 4, delete "or which" and insert "without sending at least 30 days prior notice to at least one of the deposit account holders at the last known address on file with the financial institution. If the new account"

Page 6, line 5, delete “without first obtaining” and insert “, the financial institution must obtain”

Page 6, line 5, after “of” insert “at least one of”

Page 6, line 6, delete “holder” and insert “holders before the new terms become effective”

Page 6, line 7, delete “close” and insert “closure”

Page 6, line 8, after “sending” insert “at least one of”

Page 6, line 8, delete “holder” and insert “holders”

Page 6, line 9, delete “by certified mail”

Page 6, line 12, delete “60” and insert “30”

Page 6, line 13, after “account” insert “, except that, if the financial institution has reasonable suspicion to believe that account is being used in connection with a check-related fraud or other crime or that funds will not be available to pay items drawn on the account, the notice may be sent the same day as the account is closed.”

(c) As used in this section, the following terms have the meanings given them. “Deposit account” means a contract of deposit of funds between a depositor and a financial institution, and includes a checking account, savings account, certificate of deposit share account, and other like arrangement. “Financial institution” means any organization authorized to do business under state or federal laws relating to financial institutions, including, without limitation, banks and trust companies, savings banks, savings and loan associations, industrial loan and thrift companies, and credit unions.”

The motion prevailed and the amendment was adopted.

H. F. No. 291, A bill for an act relating to financial institutions; regulating incorporations and operations of banks; requiring approval of certain insider agreements; regulating acquisitions by bank holding companies; authorizing the commissioner to borrow money to satisfy obligations of certain closed institutions; regulating bank or trust company investments; regulating claims against liquidated institutions; providing for the organization of credit unions; regulating interest and dividends paid on deposits; regulating industrial loan and thrifts; providing for the submission of certain reports; modifying the maximum allowable interest rate on certain loans used to satisfy the balances owed on contracts for deed; requiring the periodic examination of collection agencies; regulating

consumer deficiency judgments; modifying the examination requirement for safe deposit companies and insurance premium finance companies; regulating motor vehicle installment sales; regulating bank applications; amending Minnesota Statutes 1986, sections 46.041; 46.042; 46.07, subdivision 2; 46.131, subdivision 9; 47.10, subdivision 3, and by adding a subdivision; 47.204, subdivision 1; 47.205, subdivisions 2 and 4; 48.055, subdivision 5; 48.15, subdivision 2; 48.51; 48.61, subdivisions 3 and 5; 48.92, subdivision 10; 48.97, subdivision 2; 48.98, subdivision 1; 48.99, subdivision 1; 49.04, subdivision 1; 49.05, by adding a subdivision; 49.24, subdivision 5; 51A.58; 52.01; 52.02, subdivision 3; 52.09, subdivision 2; 52.18; 53.04, subdivisions 3a and 5; 53.09, subdivision 2; 55.095; 55.15; 56.12; 59A.06, subdivision 3; 168.66, subdivisions 5 and 9; 168.705; 168.71; 168.72, subdivisions 1 and 4; 168.73; 168.74; 325G.36; and 332.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 46 and 47; repealing Minnesota Statutes 1986, sections 48.60 and 55.13.

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 105 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Battaglia	Gruenes	Larsen	Omann	Seaberg
Bauerly	Gutknecht	Lasley	Onnen	Segal
Beard	Hartle	Lieder	Orenstein	Simoneau
Begich	Heap	Long	Osthoff	Skoglund
Bennett	Himle	Marsh	Otis	Sparby
Bertram	Jacobs	McEachern	Ozment	Stanisus
Bishop	Jaros	McKasy	Pappas	Steensma
Blatz	Jefferson	McLaughlin	Pauly	Sviggum
Boo	Jennings	McPherson	Pelowski	Swenson
Burger	Jensen	Milbert	Peterson	Tjornhom
Carlson, D.	Johnson, A.	Minne	Price	Tompkins
Carlson, L.	Johnson, R.	Morrison	Quinn	Trimble
Carruthers	Kahn	Munger	Redalen	Tunheim
Clark	Kalis	Murphy	Reding	Valento
Clausnitzer	Kelly	Nelson, C.	Rest	Vanasek
Cooper	Kelso	Nelson, D.	Rose	Voss
Dauner	Kinkel	Nelson, K.	Rukavina	Wagenius
DeBlicke	Kludt	O'Connor	Sarna	Waltman
Dempsey	Knuth	Ogren	Scheid	Wenzel
Dorn	Kostohryz	Olsen, S.	Schoenfeld	Winter
Greenfield	Krueger	Olson, K.	Schreiber	Spk. Norton

Those who voted in the negative were:

Anderson, G.	Frerichs	McDonald	Quist	Thiede
Anderson, R.	Haukoos	Miller	Richter	Uphus
Forsythe	Hugoson	Olson, E.	Rodosovich	Welle
Frederick	Johnson, V.	Poppenhagen	Schafer	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1015 was reported to the House.

Dauner and Begich moved to amend S. F. No. 1015, as follows:

Page 1, after line 24, insert:

"Sec. 2. Minnesota Statutes 1986, section 183.411, subdivision 2, is amended to read:

Subd. 2. [INSPECTION.] When used only for display and demonstration purposes, steam farm traction engines, portable and stationary show engines and portable and stationary show boilers shall be inspected every two years according to law.

(a) Boilers or show engines of lap seam construction not certified in Minnesota or previously certified in Minnesota but that have been repaired or altered after certification, may be certified in Minnesota if:

(1) all alterations have been done in accordance with American National Standard ANSI/NB23 R-404 or R-505; or

(2) form R-1, report of alteration, has been prepared by a registered professional engineer with verification by the authorized inspection agency responsible for the inservice inspection of the object in accordance with American National Standard ANSI/NB23 R-502; or

(3) the engine has received a certificate allowing operation, or repairs have been authorized under American National Standard ANSI/NB23 R-404.1, R-404.2, or R-404.3 in Minnesota or another jurisdiction that accepts the provisions of American National Standard ANSI/NB23 and an inspection has been completed by an inspector certified in Minnesota according to the standards set in clause (b).

(b) A hobby boiler or show engine, not certified in Minnesota or any other jurisdiction must successfully complete, at the owner's expense, inspection by:

(1) full radiographic examination of the long or longitudinal seam; and

(2) ultrasonic examination for metal thickness (for purposes of calculating the maximum allowable working pressure the thinnest reading shall be used — see also American National Standard ANSI/NB23 I-303.8); and

(3) magnetic particle or radiographic examination of areas where dye penetrant testing shows possible cracks; and

(4) hydrostatic testing at one and one-half maximum allowable working pressure.

(c) Further, each such object shall successfully complete an inspection of:

(1) the fusible plug;

(2) the safety valve, which must be of American society of mechanical engineer's approved design and set at the maximum allowable working pressure and sealed in an appropriate manner not allowing tampering with the valve setting without destroying the seal; and

(3) the boiler power piping.

Any longitudinal cracks found in riveted longitudinal seams requires that the vessel be sealed and not approved for use in Minnesota. If the boiler or show engine is jacketed, the jacket must be removed prior to inspection."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "183.411," insert "subdivision 2, and"

The motion prevailed and the amendment was adopted.

S. F. No. 1015, A bill for an act relating to public safety; regulating boilers and their operation; amending Minnesota Statutes 1986, sections 183.375, subdivision 2; 183.411, by adding a subdivision; 183.42; 183.545, subdivision 4; and 183.56; repealing Minnesota Statutes 1986, section 183.545, 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Blatz	Carlson, L.	Cooper
Anderson, R.	Begich	Brown	Carruthers	Dauner
Battaglia	Bennett	Burger	Clark	DeBlick
Bauerly	Bertram	Carlson, D.	Clausnitzer	Dempsey

Dorn	Kinkel	Nelson, K.	Reding	Sviggum
Forsythe	Kludt	Neuenschwander	Rest	Swenson
Frederick	Knuth	O'Connor	Rice	Thiede
Frerichs	Kostohryz	Ogren	Richter	Tjornhom
Greenfield	Krueger	Olsen, S.	Riveness	Tompkins
Gruenes	Larsen	Olson, E.	Rodosovich	Trimble
Gutknecht	Lasley	Olson, K.	Rose	Tunheim
Hartle	Lieder	Omann	Rukavina	Uphus
Haukoos	Long	Onnen	Sarna	Valento
Heap	Marsh	Orenstein	Schafer	Vanasek
Hugoson	McDonald	Osthoff	Scheid	Voss
Jacobs	McEachern	Otis	Schoenfeld	Wagenius
Jaros	McKasy	Ozment	Schreiber	Waltman
Jefferson	McLaughlin	Pappas	Seaberg	Welle
Jennings	McPherson	Pauly	Segal	Wenzel
Jensen	Milbert	Pelowski	Shaver	Winter
Johnson, A.	Miller	Peterson	Simoneau	Wynia
Johnson, R.	Minne	Poppenhagen	Skoglund	Spk. Norton
Johnson, V.	Morrison	Price	Solberg	
Kalis	Munger	Quinn	Sparby	
Kelly	Murphy	Quist	Stanius	
Kelso	Nelson, C.	Redalen	Steensma	

The bill was passed, as amended, and its title agreed to.

H. F. No. 142, A bill for an act relating to drivers' licenses; permitting limited license for homemaker; amending Minnesota Statutes 1986, section 171.30, 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 121 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Omann	Schreiber
Anderson, R.	Gruenes	Lasley	Orenstein	Seaberg
Battaglia	Gutknecht	Lieder	Osthoff	Segal
Bauerly	Hartle	Long	Otis	Shaver
Beard	Haukoos	Marsh	Ozment	Simoneau
Begich	Heap	McDonald	Pappas	Skoglund
Bennett	Hugoson	McEachern	Pauly	Solberg
Bertram	Jacobs	McKasy	Pelowski	Sparby
Blatz	Jaros	McLaughlin	Peterson	Stanius
Brown	Jefferson	McPherson	Price	Steensma
Burger	Jennings	Milbert	Quinn	Swenson
Carlson, D.	Jensen	Miller	Redalen	Tjornhom
Carlson, L.	Johnson, A.	Minne	Reding	Tompkins
Carruthers	Johnson, R.	Morrison	Rest	Trimble
Clark	Johnson, V.	Munger	Rice	Tunheim
Clausnitzer	Kahn	Murphy	Richter	Uphus
Cooper	Kalis	Nelson, C.	Riveness	Valento
Danner	Kelly	Nelson, K.	Rodosovich	Vanasek
DeBlicek	Kelso	Neuenschwander	Rose	Voss
Dempsey	Kinkel	O'Connor	Rukavina	Wagenius
Dorn	Kludt	Ogren	Sarna	Waltman
Forsythe	Knuth	Olsen, S.	Schafer	Wenzel
Frederick	Kostohryz	Olson, E.	Scheid	Winter
Frerichs	Krueger	Olson, K.	Schoenfeld	Wynia
				Spk. Norton



Those who voted in the negative were:

Quist

The bill was passed and its title agreed to.

H. F. No. 228 was reported to the House.

Rodosovich moved that H. F. No. 228 be returned to its author. The motion prevailed.

H. F. No. 464, A bill for an act relating to insurance; accident and health; increasing the maximum lifetime benefit for major medical coverage; amending Minnesota Statutes 1986, sections 62E.04, subdivision 4; and 62E.06, 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Onnen	Schreiber
Anderson, R.	Gruenes	Lieder	Orenstein	Seaberg
Battaglia	Gutknecht	Long	Osthoff	Segal
Bauerly	Hartle	Marsh	Otis	Shaver
Beard	Haukoos	McDonald	Ozment	Simoneau
Begich	Heap	McEachern	Pappas	Skoglund
Bennett	Hugoson	McKasy	Pauly	Solberg
Bertram	Jacobs	McLaughlin	Pelowski	Sparby
Blatz	Jaros	McPherson	Peterson	Stanisus
Boo	Jefferson	Milbert	Price	Steensma
Burger	Jennings	Miller	Quinn	Sviggum
Carlson, D.	Jensen	Minne	Quist	Swenson
Carlson, L.	Johnson, A.	Morrison	Redalen	Thiede
Carruthers	Johnson, R.	Munger	Reding	Tjornhom
Clark	Johnson, V.	Murphy	Rest	Tompkins
Clausnitzer	Kahn	Nelson, C.	Rice	Trimble
Cooper	Kalis	Nelson, D.	Richter	Tunheim
Danner	Kelly	Nelson, K.	Riveness	Uphus
DeBlicke	Kelso	Neuenschwander	Rodosovich	Valento
Dempsey	Kinkel	O'Connor	Rose	Vanasek
Dille	Kludt	Ogren	Rukavina	Wagenius
Dorn	Knuth	Olsen, S.	Sarna	Waltman
Forsythe	Kostohryz	Olson, E.	Schafer	Welle
Frederick	Krueger	Olson, K.	Scheid	Wenzel
Frerichs	Larsen	Omann	Schoenfeld	Winter
				Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 521, A bill for an act relating to lake improvement districts; providing for notice of their annual meetings; amending

Minnesota Statutes 1986, section 378.545, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 378.

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 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Otis	Segal
Anderson, R.	Gutknecht	Long	Ozmet	Shaver
Battaglia	Hartle	Marsh	Pappas	Simoneau
Bauerly	Haukoos	McDonald	Pauly	Skoglund
Beard	Heap	McEachern	Pelowski	Solberg
Begich	Hugoson	McKasy	Peterson	Sparby
Bennett	Jacobs	McLaughlin	Poppenhagen	Stanius
Bertram	Jaros	McPherson	Price	Steensma
Blatz	Jefferson	Milbert	Quinn	Sviggum
Brown	Jennings	Miller	Quist	Swenson
Burger	Jensen	Minne	Redalen	Thiede
Carlson, D.	Johnson, A.	Morrison	Reding	Tjornhom
Carlson, L.	Johnson, R.	Munger	Rest	Tompkins
Carruthers	Johnson, V.	Murphy	Rice	Trimble
Clark	Kahn	Nelson, C.	Richter	Tunheim
Clausnitzer	Kalis	Nelson, D.	Riveness	Uphus
Cooper	Kelly	Nelson, K.	Rodosovich	Valento
Dauner	Kelso	Neuenschwander	Rose	Vanasek
DeBlieck	Kinkel	O'Connor	Rukavina	Voss
Dempsey	Kludt	Olsen, S.	Sarna	Wagenius
Dorn	Knuth	Olson, E.	Schafer	Waltman
Forsythe	Kostohryz	Omann	Scheid	Welle
Frederick	Krueger	Onnen	Schoenfeld	Wenzel
Frerichs	Larsen	Orenstein	Schreiber	Winter
Greenfield	Lasley	Osthoff	Seaberg	Spk. Norton

Those who voted in the negative were:

Olson, K.

The bill was passed and its title agreed to.

H. F. No. 654 was reported to the House.

Nelson, K., moved to amend H. F. No. 654, as follows:

Page 3, after line 8, insert:

"Sec. 2. Minnesota Statutes 1986, section 473.612, is amended to read:

473.612 [NOISE ABATEMENT PLAN.]

(a) By December 31, 1981, the commission shall submit to the legislature a noise abatement plan for the Minneapolis-St. Paul

International Airport, containing annual programmatic goals, numerical goals, and objectives until December 31, 1989, for reduction of aircraft noise within the metropolitan area. The plan shall also contain, but not be limited to, documentation of annual change in the maximum hourly noise levels, such as defined by Minnesota pollution control agency rules, Minnesota Rules, chapter 7010, based on the typically worst noise condition on an hourly basis received in residential areas representing the noise-impacted region of the metropolitan area. The pollution control agency shall participate in the selection and review of the monitoring of such residential areas.

(b) By December 31, 1982, and each year thereafter until December 31, 1989, the commission shall submit to the legislature and the pollution control agency a draft report detailing the accomplishment of programmatic goals and objectives and the annual change in noise levels as outlined in the above noise abatement plan. By December 31, 1984, and each year thereafter until December 31, 1989, the commission shall submit to the legislature a report which includes any comments provided by the pollution control agency and the commission's response to the comments. In addition, the commission shall provide as part of the annual reports its best estimate, in the form of numerical goals, of noise abatement to be achieved by December 31, 1989, in residential areas representing the noise-impacted region of the metropolitan area. The goals shall be updated annually.

(c) In the December 31, 1987, report, the commission shall describe and document the percentage reduction in average daily noise energy, produced cumulatively by all the operations of all air carrier aircraft serving the Minneapolis-St. Paul International Airport, from the level existing in August 1986.

Sec. 3. Minnesota Statutes 1986, section 473.621, subdivision 1a, is amended to read:

Subd. 1a. [RELATIONSHIP TO LEGISLATURE.] The commission shall be held accountable to the legislature in its activities, plans, policies, and programs. It shall report each session to appropriate committees of the legislature as to its activities, plans, policies, and programs and shall make other reports and recommendations which the legislature or its committees deem appropriate. The commission shall adopt a long-term comprehensive plan for the Minneapolis-St. Paul International Airport. The plan must describe, in the degree of detail that the commission deems appropriate for at least a prospective ten-year period, the following:

(1) aviation demand;

(2) airport capacity, including environmental, runway, terminal, and other factors relevant to capacity;

- (3) a plan and financial estimates for physical development;
- (4) airport operational characteristics;
- (5) compatibility with the capacity of metropolitan and local physical facility systems;
- (6) environmental effects; and
- (7) the effect on the neighboring communities.

The plan must be submitted to the legislature by December 31, 1988, and be updated at least every five years thereafter. The plan is subject to sections 473.165 and 473.611.

#### Sec. 4. [ANALYSIS OF AIRPORT CAPACITY.]

By December 31, 1988, the metropolitan council shall submit to the legislature an analysis of the physical and environmental capacity of the Minneapolis-St. Paul International Airport. The analysis must cover at least a prospective 30-year period. The analysis must assess:

- (1) the cost and long-term benefit of various capacity enhancements, like runway and other construction at the airport, fuller use of reliever airports, and improvements in air traffic control; and
- (2) the effect of various capacity enhancements on the physical and environmental capacity of the airport, the neighboring communities, and the airport's potential economic and transportation function and benefit."

ReNUMBER the remaining section

Page 3, line 10, delete "Section 1 applies" and insert "Sections 1 to 4 apply"

Amend the title as follows:

Page 1, line 3, after the semicolon insert "requiring plans and reports on noise, capacity, and other matters at Minneapolis-St. Paul International Airport;"

Page 1, line 4, delete "section" and insert "sections"

Page 1, line 5, before the period insert "; 473.612; and 473.621, subdivision 1a"

The motion prevailed and the amendment was adopted.

H. F. No. 654, A bill for an act relating to metropolitan government; providing for the composition of the metropolitan airports commission; requiring plans and reports on noise, capacity, and other matters at Minneapolis-St. Paul International Airport; amending Minnesota Statutes 1986, sections 473.604, subdivision 1; 473.612; and 473.621, subdivision 1a.

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.	Greenfield	Lieder	Osthoff	Schreiber
Anderson, R.	Gruenes	Long	Otis	Seaberg
Battaglia	Gutknecht	Marsh	Ozment	Segal
Bauerly	Hartle	McDonald	Pappas	Shaver
Beard	Haukoos	McEachern	Pauly	Simoneau
Begich	Heap	McKasy	Pelowski	Skoglund
Bennett	Hugoson	McLaughlin	Peterson	Solberg
Bertram	Jacobs	McPherson	Poppenhagen	Sparby
Blatz	Jaros	Milbert	Price	Steensma
Brown	Jefferson	Miller	Quinn	Sviggum
Carlson, D.	Jennings	Minne	Quist	Swenson
Carlson, L.	Johnson, A.	Morrison	Redalen	Thiede
Carruthers	Johnson, R.	Munger	Reding	Tjornhom
Clark	Johnson, V.	Murphy	Rest	Tompkins
Clausnitzer	Kahn	Nelson, C.	Rice	Tunheim
Cooper	Kalis	Nelson, K.	Richter	Uphus
Dauner	Kelso	Neuenschwander	Riveness	Valento
DeBlicke	Kinkel	O'Connor	Rodosovich	Vanasek
Dempsey	Kludt	Olsen, S.	Rose	Voss
Dille	Knuth	Olson, E.	Rukavina	Wagenius
Dorn	Kostohryz	Olson, K.	Sarna	Waltman
Forsythe	Krueger	Omann	Schafer	Wenzel
Frederick	Larsen	Onnen	Scheid	Winter
Frerichs	Lasley	Orenstein	Schoenfeld	Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 909, A bill for an act relating to waters; changing the posting and publication of notice requirements for aeration operations by a permittee of the commissioner of natural resources; providing an exclusion from government tort liability; amending Minnesota Statutes 1986, sections 3.736, subdivision 3; and 378.22, subdivisions 2 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. There were 113 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Marsh	Otis	Solberg
Anderson, R.	Haukoos	McDonald	Ozment	Sparby
Battaglia	Heap	McEachern	Pappas	Stanius
Bauerly	Himle	McKasy	Pauly	Steensma
Begich	Hugoson	McLaughlin	Pelowski	Sviggum
Bennett	Jacobs	McPherson	Peterson	Swenson
Bertram	Jaros	Milbert	Price	Tjornhom
Blatz	Jefferson	Miller	Quist	Tompkins
Boo	Jennings	Minne	Redalen	Trimble
Brown	Jensen	Morrison	Reding	Tunheim
Carlson, L.	Johnson, A.	Murphy	Rest	Uphus
Carruthers	Johnson, R.	Nelson, C.	Riveness	Valento
Clark	Johnson, V.	Nelson, D.	Rodosovich	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rukavina	Voss
Cooper	Kelly	Neuenschwander	Sarna	Wagenius
Dauner	Kelso	O'Connor	Schafer	Waltman
DeBlicke	Kinkel	Ogren	Scheid	Welle
Dille	Knuth	Olsen, S.	Schreiber	Wenzel
Dorn	Kostohryz	Olson, E.	Seaberg	Winter
Frerichs	Krueger	Olson, K.	Segal	Wynia
Greenfield	Larsen	Omann	Shaver	Spk. Norton
Gruenes	Lasley	Orenstein	Simoneau	
Gutknecht	Lieder	Osthoff	Skoglund	

Those who voted in the negative were:

Beard	Dempsey	Kludt	Poppenhagen	Rice
Burger	Frederick	Onnen	Quinn	Schoenfeld

The bill was passed and its title agreed to.

H. F. No. 1113 was reported to the House.

Burger moved to amend H. F. No. 1113, as follows:

Page 3, line 7, after the period insert:

“Appointed agents must have training and experience in activities relating to prevention of cruelty to animals or enforcement of laws relating to cruelty to animals.”

Page 3, line 10, strike “It” and insert “The federation”

The motion prevailed and the amendment was adopted.

H. F. No. 1113, A bill for an act relating to state departments and agencies; abolishing the Minnesota humane society as a state agency and authorizing its formation as a state federation of county and district societies; providing for the powers and duties of county and district societies and for the prevention of cruelty to animals; amending Minnesota Statutes 1986, sections 16B.51, subdivision 1; 43A.27, subdivision 2; 343.01; 343.06; 343.10; 343.12; 343.22, sub-

division 1; 343.29, subdivision 1; 346.37, subdivision 6; and 347.37; repealing Minnesota Statutes 1986, section 343.08.

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 123 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lieder	Otis	Shaver
Battaglia	Greenfield	Long	Ozment	Simoneau
Bauerly	Gruenes	Marsh	Pauly	Skoglund
Beard	Gutknecht	McDonald	Pelowski	Solberg
Begich	Hartle	McEachern	Peterson	Sparby
Bennett	Haukoos	McKasy	Poppenhagen	Stanius
Bertram	Heap	McLaughlin	Price	Steensma
Bishop	Himle	McPherson	Quinn	Sviggum
Blatz	Hugoson	Milbert	Quist	Swenson
Boo	Jacobs	Miller	Redalen	Thiede
Brown	Jaros	Minne	Reding	Tjornhom
Burger	Jefferson	Morrison	Rest	Tompkins
Carlson, D.	Jennings	Murphy	Rice	Tunheim
Carlson, L.	Jensen	Nelson, C.	Richter	Uphus
Carruthers	Johnson, A.	Nelson, D.	Riveness	Valento
Clark	Johnson, R.	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Johnson, V.	Neuenschwander	Rose	Voss
Cooper	Kalis	O'Connor	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlicek	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludt	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Krueger	Omann	Schreiber	Spk. Norton
Forsythe	Larsen	Omnen	Seaberg	
Frederick	Lasley	Orenstein	Segal	

Those who voted in the negative were:

Kelly	Kostohryz	Munger	Osthoff	Trimble
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The bill was passed, as amended, and its title agreed to.

H. F. No. 969, A bill for an act relating to the sentencing guidelines commission; including a crime victim as a member of the commission; providing that terms of members appointed by the governor are coterminous with the governor; changing the date on which the commission's report to the legislature is due; amending Minnesota Statutes 1986, section 244.09, subdivisions 2, 3, and 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 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	Long	Otis	Simoneau
Battaglia	Gutknecht	Marsh	Ozment	Skoglund
Bauerly	Hartle	McDonald	Pauly	Solberg
Beard	Heap	McEachern	Pelowski	Sparby
Begich	Himle	McKasy	Peterson	Stanius
Bennett	Hugoson	McLaughlin	Poppenhagen	Steensma
Bertram	Jacobs	McPherson	Price	Sviggum
Bishop	Jaros	Milbert	Quinn	Swenson
Blatz	Jefferson	Miller	Quist	Thiede
Boo	Jennings	Minne	Redalen	Tjornhom
Brown	Jensen	Morrison	Reding	Tompkins
Burger	Johnson, A.	Munger	Rest	Trimble
Carlson, L.	Johnson, R.	Murphy	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Richter	Uphus
Clark	Kalis	Nelson, D.	Riveness	Valento
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Vanasek
Cooper	Kelso	O'Connor	Rukavina	Voss
Dauner	Kinkel	Ogren	Sarna	Wagenius
DeBlieck	Kludt	Olsen, S.	Schafer	Waltman
Dempsey	Knuth	Olson, E.	Scheid	Welle
Dille	Kostohryz	Olson, K.	Schoenfeld	Wenzel
Forsythe	Krueger	Omann	Schreiber	Winter
Frederick	Larsen	Onnen	Seaberg	Wynia
Frerichs	Lasley	Orenstein	Segal	Spk. Norton
Greenfield	Lieder	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1041 was reported to the House.

Wagenius moved to amend H. F. No. 1041, the first engrossment, as follows:

Page 3, line 25, after "upon" insert "legally"

Page 3, line 35, delete "an" and insert "a legally"

Page 4, line 3, after "guardianship" insert "from the child's country of origin"

Page 4, line 16, delete "an" and insert "a legal"

The motion prevailed and the amendment was adopted.

H. F. No. 1041, A bill for an act relating to adoption; requiring certain notifications to parents placing a child for adoption and to proposed adoptive parents; specifying that adoptive parents may not voluntarily terminate parental rights for any reason not available to birth parents; amending Minnesota Statutes 1986, sections 259.24, subdivision 5; 259.25, subdivision 1; and 260.221; 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. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Orenstein	Segal
Anderson, R.	Greenfield	Lasley	Osthoff	Shaver
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Marsh	Ozment	Skoglund
Beard	Hartle	McDonald	Pauly	Solberg
Begich	Haukoos	McEachern	Pelowski	Sparby
Bennett	Heap	McKasy	Peterson	Stanius
Bertram	Himle	McLaughlin	Poppenhagen	Steensma
Bishop	Hugoson	McPherson	Price	Sviggum
Blatz	Jacobs	Milbert	Quinn	Swenson
Boo	Jaros	Miller	Quist	Thiede
Brown	Jefferson	Minne	Redalen	Tjornhom
Burger	Jennings	Morrison	Reding	Tompkins
Carlson, D.	Jensen	Munger	Rest	Trimble
Carlson, L.	Johnson, A.	Murphy	Rice	Tunheim
Carruthers	Johnson, R.	Nelson, C.	Richter	Uphus
Clark	Johnson, V.	Nelson, D.	Riveness	Valento
Clausnitzer	Kahn	Nelson, K.	Rodosovich	Vanasek
Cooper	Kalis	Neuenschwander	Rose	Voss
Dauner	Kelly	O'Connor	Rukavina	Wagenius
DeBlieck	Kelso	Ogren	Sarna	Waltman
Dempsey	Kinkel	Olsen, S.	Schafer	Welle
Dille	Kludt	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omam	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 990, A bill for an act relating to crimes; providing that persons convicted of a crime of violence may not ship, transport, possess, or receive a firearm for ten years following restoration of civil rights, the setting aside of a conviction, or a pardon; amending Minnesota Statutes 1986, sections 609.165, by adding a subdivision; 609.168; 624.712, subdivision 5; and 638.02, 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Burger	Cooper	Frederick
Anderson, R.	Bertram	Carlson, D.	DeBlieck	Frerichs
Battaglia	Bishop	Carlson, L.	Dempsey	Greenfield
Bauerly	Blatz	Carruthers	Dille	Gruenes
Beard	Boo	Clark	Dorn	Gutknecht
Begich	Brown	Clausnitzer	Forsythe	Hartle

Haukoos	Krueger	Neuenschwander	Redalen	Stanius
Heap	Larsen	O'Connor	Reding	Steensma
Himle	Lasley	Ogren	Rest	Sviggum
Hugoson	Lieder	Olsen, S.	Richter	Swenson
Jacobs	Long	Olson, E.	Riveness	Thiede
Jaros	Marsh	Olson, K.	Rodosovich	Tjornhom
Jefferson	McDonald	Omann	Rose	Trimble
Jennings	McEachern	Onnen	Rukavina	Tunheim
Jensen	McKasy	Orenstein	Sarna	Uphus
Johnson, A.	McLaughlin	Osthoff	Schafer	Valento
Johnson, R.	McPherson	Otis	Scheid	Vanasek
Johnson, V.	Milbert	Ozment	Schoenfeld	Voss
Kahn	Miller	Pappas	Schreiber	Waltman
Kalis	Minne	Pauly	Seaberg	Welle
Kelly	Morrison	Pelowski	Segal	Wenzel
Kelso	Munger	Peterson	Shaver	Winter
Kinkel	Murphy	Poppenhagen	Simoneau	Wynia
Kludt	Nelson, C.	Price	Skoglund	Spk. Norton
Knuth	Nelson, D.	Quinn	Solberg	
Kostohryz	Nelson, K.	Quist	Sparby	

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 1015, A bill for an act relating to motorboat safety; providing for enforcement of sanctions for operation of a motorboat while under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1986, section 361.121, subdivisions 2 and 3, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dempsey	Johnson, R.	Miller	Pauly
Battaglia	Dille	Johnson, V.	Minne	Pelowski
Bauerly	Dorn	Kahn	Morrison	Peterson
Beard	Forsythe	Kalis	Munger	Poppenhagen
Begich	Frederick	Kelly	Murphy	Price
Bennett	Frerichs	Kelso	Nelson, C.	Quinn
Bertram	Greenfield	Kinkel	Nelson, D.	Quist
Bishop	Gruenes	Kludt	Nelson, K.	Redalen
Blatz	Gutknecht	Kostohryz	Neuenschwander	Reding
Boo	Hartle	Krueger	Ogren	Rest
Brown	Haukoos	Larsen	Olsen, S.	Richter
Burger	Heap	Lasley	Olson, E.	Riveness
Carlson, D.	Himle	Lieder	Olson, K.	Rodosovich
Carlson, L.	Hugoson	Long	Omann	Rose
Carruthers	Jacobs	Marsh	Onnen	Rukavina
Clark	Jaros	McDonald	Orenstein	Schafer
Clausnitzer	Jefferson	McKasy	Osthoff	Scheid
Cooper	Jennings	McLaughlin	Otis	Schoenfeld
Dauner	Jensen	McPherson	Ozment	Schreiber
DeBlick	Johnson, A.	Milbert	Pappas	Seaberg

Segal	Sparby	Thiede	Uphus	Waltman
Shaver	Stanisus	Tjornhom	Valento	Welle
Simoneau	Steensma	Tompkins	Vanasek	Wenzel
Skoglund	Sviggum	Trimble	Voss	Winter
Solberg	Swenson	Tunheim	Wagenius	Spk. Norton

The bill was passed and its title agreed to.

Vanasek 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

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Monday, April 27, 1987:

S. F. No. 89; H. F. Nos. 1281, 1412 and 463; S. F. No. 248; H. F. Nos. 853, 1230, 1103, 1263, 1312, 1327, 1507, 856, 674 and 668.

#### SPECIAL ORDERS

S. F. No. 89, A bill for an act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 336.9-501; 550.365; 559.209; 581.015; 583.22, subdivisions 2 and 8, and by adding a subdivision; 583.24, subdivisions 1, 3, and by adding a subdivision; 583.26, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, and by adding a subdivision; 583.27, subdivisions 1, 3, and 4; 583.28; and 583.285; proposing coding for new law in Minnesota Statutes, chapter 583.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Segal
Anderson, R.	Gutknecht	Long	Otis	Shaver
Battaglia	Hartle	Marsh	Ozment	Simoneau
Bauerly	Haukoos	McDonald	Pappas	Skoglund
Beard	Heap	McEachern	Pauly	Solberg
Begich	Himle	McKasy	Pelowski	Sparby
Bennett	Hugoson	McLaughlin	Peterson	Stanius
Bertram	Jacobs	McPherson	Poppenhagen	Steensma
Blatz	Jaros	Milbert	Price	Sviggum
Boo	Jefferson	Miller	Quinn	Swenson
Brown	Jennings	Minne	Quist	Thiede
Burger	Jensen	Morrison	Redalen	Tjornhom
Carlson, D.	Johnson, A.	Munger	Reding	Tompkins
Carlson, L.	Johnson, R.	Murphy	Rest	Trimble
Carruthers	Johnson, V.	Nelson, C.	Rice	Tunheim
Clark	Kahn	Nelson, D.	Richter	Uphus
Clausnitzer	Kalis	Nelson, K.	Riveness	Valento
Cooper	Kelly	Neuenschwander	Rodosovich	Vanasek
Dauner	Kelso	O'Connor	Rose	Voss
DeBlieck	Kinkel	Ogren	Rukavina	Wagenius
Dille	Kludt	Olsen, S.	Sarna	Waltman
Dorn	Knuth	Olson, E.	Schafer	Welle
Forsythe	Kostohryz	Olson, K.	Scheid	Wenzel
Frederick	Krueger	Omann	Schoenfeld	Winter
Frerichs	Larsen	Onnen	Schreiber	Spk. Norton
Greenfield	Lasley	Orenstein	Seaberg	

The bill was passed and its title agreed to.

The Speaker called Simoneau to the Chair.

H. F. No. 1281 was reported to the House.

Battaglia moved to amend H. F. No. 1281, the first engrossment, as follows:

Page 1, after line 17, insert:

"Sec. 2. Minnesota Statutes 1986, section 383C.073, is amended to read:

383C.073 [CERTAIN BOARD MEMBERS; COMPENSATION.]

Notwithstanding the provisions of any law contrary thereto in St. Louis county, the members, except the members who are also members of the board of county commissioners, of all boards and commissions created by law shall receive for attending meetings of said board or commission \$20 an amount determined by the board of county commissioners of up to \$50 per day but not to exceed \$600 \$1,500 in any one year, and each shall be repaid necessary expenses for such attendance, a certified statement of which shall be filed with and approved by said board or commission."

Renumber the remaining section in sequence

Page 1, line 19, delete "upon approval by the Lake county" and insert "the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Lake county board. Section 2 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board."

Page 1, delete line 20

Amend the title as follows:

Page 1, line 2, delete "liquor" and insert "local government"

Page 1, line 3, after "on-sale" insert "liquor"

Page 1, line 3, before the period insert "; authorizing St. Louis county to set the compensation of certain board and commission members; amending Minnesota Statutes 1986, section 383C.073"

The motion prevailed and the amendment was adopted.

H. F. No. 1281, A bill for an act relating to local government; authorizing Lake county to issue seasonal on-sale liquor licenses; authorizing St. Louis county to set the compensation of certain board and commission members; amending Minnesota Statutes 1986, section 383C.073.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dauner	Jefferson	Long	Ogren
Anderson, R.	DeBlieck	Jennings	Marsh	Olsen, S.
Battaglia	Dempsey	Jensen	McDonald	Olson, E.
Bauerly	Dille	Johnson, A.	McEachern	Olson, K.
Beard	Dorn	Johnson, R.	McKasy	Omann
Begich	Forsythe	Johnson, V.	McLaughlin	Onnen
Bennett	Frederick	Kahn	McPherson	Orenstein
Bertram	Frerichs	Kalis	Milbert	Osthoff
Blatz	Greenfield	Kelly	Miller	Otis
Boo	Gruenes	Kelso	Minne	Ozment
Brown	Gutknecht	Kinkel	Morrison	Pappas
Burger	Hartle	Kludt	Munger	Pauly
Carlson, D.	Haukoos	Knuth	Murphy	Pelowski
Carlson, L.	Heap	Kostohryz	Nelson, C.	Peterson
Carruthers	Himle	Krueger	Nelson, D.	Poppenhagen
Clark	Hugoson	Larsen	Nelson, K.	Price
Clausnitzer	Jacos	Lasley	Neuenschwander	Quinn
Cooper	Jaros	Lieder	O'Connor	Quist

Redalen	Sarna	Simoneau	Thiede	Voss
Reding	Schafer	Skoglund	Tjornhom	Wagenius
Rest	Scheid	Solberg	Tompkins	Waltman
Rice	Schoenfeld	Sparby	Trimble	Welle
Riveness	Schreiber	Stanius	Tunheim	Wenzel
Rodosovich	Seaberg	Steensma	Uphus	Winter
Rose	Segal	Sviggum	Valento	Wynia
Rukavina	Shaver	Swenson	Vanasek	Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 1412, A bill for an act relating to state land; authorizing private sale of certain tax-forfeited land in Lake county to city of Two Harbors; providing timing for 1987 sales of lakeshore lots; amending Minnesota Statutes 1986, section 92.67, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 102 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Krueger	Pappas	Sparby
Battaglia	Frerichs	Larsen	Pauly	Stanius
Beard	Greenfield	Lieder	Pelowski	Steensma
Begich	Gruenes	Long	Peterson	Sviggum
Bennett	Hartle	Marsh	Poppenhagen	Swenson
Bertram	Haukoos	McDonald	Price	Thiede
Bishop	Himle	McKasy	Quinn	Tjornhom
Blatz	Hugoson	McLaughlin	Quist	Trimble
Boo	Jacobs	McPherson	Redalen	Tunheim
Brown	Jaros	Milbert	Rest	Uphus
Burger	Jefferson	Miller	Rice	Valento
Carlson, L.	Jennings	Minne	Richter	Voss
Carruthers	Jensen	Morrison	Rodosovich	Wagenius
Clark	Johnson, A.	Murphy	Rose	Waltman
Clausnitzer	Johnson, R.	Nelson, C.	Rukavina	Welle
Cooper	Johnson, V.	Nelson, D.	Schafer	Wenzel
Dauner	Kahn	Neuenschwander	Schreiber	Winter
DeBlicke	Kelly	Olson, E.	Segal	Spk. Norton
Dille	Kinkel	Omann	Shaver	
Dorn	Kludt	Orenstein	Simoneau	
Forsythe	Knuth	Ozment	Solberg	

Those who voted in the negative were:

Bauerly	Lasley	Olson, K.	Sarna
Dempsey	McEachern	Onnen	Seaberg
Gutknecht	Nelson, K.	Osthoff	Skoglund
Kalis	Olson, S.	Reding	Tompkins

The bill was passed and its title agreed to.

H. F. No. 463 was reported to the House.

There being no objection, H. F. No. 463 was continued on Special Orders for one day.

S. F. No. 248 was reported to the House.

Price moved to amend S. F. No. 248, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 40.05, subdivision 3, is amended to read:

Subd. 3. After December 31, 1972, and for the elections required by subdivision 2, all elections except that provided for the organization of the district, in subdivision 1, shall be held at the time and place of holding the state general election, as specified in section 204D.03, subdivision 2. No primary shall be held. The names of candidates for election as supervisors of the soil and water conservation district shall be placed on the "canary ballot," as described in section 204D.11, subdivision 3. Nominating petitions conforming to the rules stated in subdivision 1 shall be filed with the secretary of the soil and water conservation district at least 60 days before the time of holding the state general election. ~~At least 45 days before the state general election~~ The district secretary shall immediately submit the names of the candidates and the terms for which nominated to the appropriate county auditor. The ballots for use at the election shall be prepared by the county auditor. All laws relating to elections for county office shall govern insofar as applicable. The county auditor shall certify the result to the state soil and water conservation board, and if the soil and water conservation district embraces land in more than one county the county auditor shall forthwith certify to the state soil and water conservation board the vote, as shown by the report of the county canvassing board, for all candidates voted for in more than one county. In the latter case the state soil and water conservation board shall certify the results of the election and publish the result.

Sec. 2. Minnesota Statutes 1986, section 123.32, subdivision 4, is amended to read:

Subd. 4. At the annual election board members shall be elected to fill vacancies on the board caused by expiration of term on July 1 next following the election. Any person eligible to hold office in the district desiring to be a candidate for a district office at the election shall file with the clerk of the district a written application to be placed on the ballot for the office, or any five voters of the district may file such written application for or on behalf of any person eligible to hold office in the district that they desire shall be such candidate. The application shall be filed not more than 43 nor less than 28 days before the election.

If the annual election is held at the same time as a statewide election or an election for a county or municipality located partially

or wholly within the school district, the application must be filed not more than ten nor less than eight weeks before the annual election.

Sec. 3. Minnesota Statutes 1986, section 203B.05, subdivision 2, is amended to read:

Subd. 2. [CITY AND TOWN ELECTIONS; CERTAIN SCHOOL ELECTIONS.] For city elections not held on the same day as a statewide election and for town elections conducted under the Australian ballot system, applications for absentee ballots shall be filed with the city or town clerk and the duties prescribed by this chapter for the county auditor shall be performed by the city or town clerk unless the county auditor agrees to perform those duties on behalf of the city or town clerk. The costs incurred to provide absentee ballots and perform the duties prescribed by this subdivision shall be paid by the city or town holding the election.

Notwithstanding any other law, this chapter applies to school district elections held on the same day as a statewide election or an election for a county or municipality wholly or partially within the school district.

Sec. 4. Minnesota Statutes 1986, section 204B.35, subdivision 4, is amended to read:

Subd. 4. [ABSENTEE BALLOTS; PREPARATION; DELIVERY.] Ballots necessary to fill applications of absentee voters shall be prepared and delivered at least 30 days before the election to the officials who administer the provisions of chapter 203B.

This section applies to school district elections held on the same day as a statewide election or an election for a county or municipality located partially or wholly within the school district.

Sec. 5. Minnesota Statutes 1986, section 205.02, subdivision 2, is amended to read:

Subd. 2. [CITY ELECTIONS.] In all statutory and home rule charter cities, the primary, general and special elections held for choosing city officials and deciding public questions relating to the city shall be held as provided in this chapter, except that this section and sections 205.065, subdivisions 2 to 7; 205.07 to ~~205.13~~ 205.12 and 205.175 and 205.185 do not apply to a city whose charter provides the manner of holding its primary, general or special elections.

Sec. 6. Minnesota Statutes 1986, section 205.065, subdivision 2, is amended to read:



Subd. 2. [RESOLUTION OR ORDINANCE.] The governing body of a city of the second, third, or fourth class or a town containing a statutory city may, by ordinance or resolution adopted at least six weeks three months before the next municipal general election, elect to choose nominees for municipal offices by a primary as provided in subdivisions 2 to 7. The resolution or ordinance, when adopted, is effective for all ensuing municipal elections until it is revoked. Subdivisions 2 to 7 do not apply to a city the charter of which specifically prohibits or provides for a municipal primary.

Sec. 7. Minnesota Statutes 1986, section 205.065, subdivision 3, is amended to read:

Subd. 3. [DATE.] The municipal primary shall be held ~~two weeks before the municipal general election or at another a time designated by the governing body in the ordinance or resolution adopting the primary system, but no later than six weeks before the general election.~~ The clerk shall give notice of the primary in the manner provided in section 205.16.

Sec. 8. Minnesota Statutes 1986, section 205.13, subdivision 1, is amended to read:

Subdivision 1. [AFFIDAVIT OF CANDIDACY.] Not more than

(1) eight nor less than six weeks in the case of a town, or

(2) not more than ten nor less than eight weeks, in the case of a city, before the municipal primary, or before the municipal general election if there is no municipal primary, an individual who is eligible and desires to become a candidate for an office to be voted for at the election shall file an affidavit of candidacy with the municipal clerk. The affidavit shall be in substantially the same form as that in section 204B.06, subdivision 1. The municipal clerk shall also accept an application signed by not less than five voters and filed on behalf of an eligible voter in the municipality whom they desire to be a candidate, if service of a copy of the application has been made on the candidate and proof of service is endorsed on the application being filed. Upon receipt of the proper filing fee, the clerk shall place the name of the candidate on the official ballot without partisan designation. The filing dates contained in this subdivision do not apply to any home rule charter city whose charter provides for earlier filing dates."

Delete the title and insert:

"A bill for an act relating to elections; ensuring the availability of absentee ballots for statewide elections; amending Minnesota Statutes 1986, sections 40.05, subdivision 3; 123.32, subdivision 4;

203B.05, subdivision 2; 204B.35, subdivision 4; 205.02, subdivision 2; 205.065, subdivisions 2 and 3; and 205.13, subdivision 1."

The motion prevailed and the amendment was adopted.

S. F. No. 248, A bill for an act relating to elections; ensuring the availability of absentee ballots for statewide elections; amending Minnesota Statutes 1986, sections 40.05, subdivision 3; 203B.05, subdivision 2; 204B.09, subdivision 2; 204B.35, subdivision 4; 205.065, subdivisions 2 and 3; and 205.13, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Onnen	Segal
Anderson, R.	Greenfield	Lasley	Orenstein	Shaver
Battaglia	Gruenes	Lieder	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Marsh	Ozment	Solberg
Begich	Haukoos	McDonald	Pappas	Sparby
Bennett	Heap	McEachern	Pauly	Stanisus
Bertram	Himle	McKasy	Pelowski	Steensma
Bishop	Hugoson	McLaughlin	Peterson	Sviggum
Blatz	Jacobs	McPherson	Poppenhagen	Swenson
Boo	Jaros	Milbert	Price	Thiede
Brown	Jefferson	Miller	Quinn	Tjornhom
Burger	Jennings	Minne	Quist	Tompkins
Carlson, D.	Jensen	Morrison	Redalen	Trimble
Carlson, L.	Johnson, A.	Munger	Reding	Tunheim
Carruthers	Johnson, R.	Murphy	Rest	Uphus
Clark	Johnson, V.	Nelson, C.	Rice	Valento
Clausnitzer	Kahn	Nelson, D.	Richter	Vanasek
Cooper	Kalis	Nelson, K.	Rodosovich	Voss
Dauner	Kelly	Neuenschwander	Rose	Waltman
DeBlieck	Kelso	O'Connor	Rukavina	Welle
Dempsey	Kinkel	Ogren	Sarna	Wenzel
Dille	Kludt	Olsen, S.	Schafer	Winter
Dorn	Knuth	Olson, E.	Scheid	Wynia
Forsythe	Kostohryz	Olson, K.	Schreiber	Spk. Norton
Frederick	Krueger	Omamn	Seaberg	

The bill was passed, as amended, and its title agreed to.

Olson, E., was excused for the remainder of today's session.

H. F. No. 853, A bill for an act relating to education; clarifying the authority of contracting school districts to select an individual to provide services as a superintendent; amending Minnesota Statutes 1986, section 123.34, subdivision 9.

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 105 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Krueger	Omann	Seaberg
Anderson, R.	Gruenes	Larsen	Onnen	Segal
Battaglia	Hartle	Lasley	Orenstein	Simoneau
Bauerly	Heap	Lieder	Osthoff	Skoglund
Beard	Himle	Long	Otis	Sparby
Begich	Jacobs	McEachern	Ozment	Steensma
Bertram	Jaros	McKasy	Pappas	Sviggum
Bishop	Jefferson	McLaughlin	Pauly	Swenson
Blatz	Jennings	Milbert	Pelowski	Tjornhom
Boo	Jensen	Minne	Peterson	Tompkins
Brown	Johnson, A.	Morrison	Poppenhagen	Trimble
Burger	Johnson, R.	Munger	Price	Tunheim
Carlson, L.	Johnson, V.	Murphy	Quinn	Uphus
Carruthers	Kahn	Nelson, C.	Redalen	Vanasek
Clark	Kalis	Nelson, D.	Reding	Voss
Cooper	Kelly	Nelson, K.	Rice	Waltman
Dauner	Kelso	Neuenschwander	Rodosovich	Welle
DeBleck	Kinkel	O'Connor	Rukavina	Wenzel
Dille	Kludt	Ogren	Sarna	Winter
Dorn	Knuth	Olsen, S.	Scheid	Wynia
Forsythe	Kostohryz	Olson, K.	Schreiber	Spk. Norton

Those who voted in the negative were:

Bennett	Frerichs	McDonald	Rose	Thiede
Carlson, D.	Gutknecht	McPherson	Schafer	Valento
Clausnitzer	Haukoos	Miller	Shaver	
Dempsey	Hugoson	Quist	Solberg	
Frederick	Marsh	Richter	Stanius	

The bill was passed and its title agreed to.

H. F. No. 1230, A bill for an act relating to insurance; clarifying the authority of school districts to self-insure for property and casualty coverage; amending Minnesota Statutes 1986, section 471.98, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Clausnitzer
Battaglia	Bennett	Boo	Carlson, L.	Cooper
Bauerly	Bertram	Brown	Carruthers	Dauner

DeBlieck	Johnson, R.	Milbert	Pauly	Skoglund
Dempsey	Johnson, V.	Miller	Pelowski	Solberg
Dille	Kahn	Minne	Peterson	Sparby
Dorn	Kalis	Morrison	Price	Stanius
Forsythe	Kelly	Munger	Quinn	Steensma
Frederick	Kelso	Murphy	Quist	Sviggum
Frerichs	Kinkel	Nelson, C.	Redalen	Swenson
Greenfield	Kludt	Nelson, D.	Reding	Thiede
Gruenes	Knuth	Nelson, K.	Rice	Tjornhom
Gutknecht	Kostohryz	Neuenschwander	Richter	Tompkins
Hartle	Krueger	O'Connor	Rodosovich	Trimble
Haukoos	Larsen	Ogren	Rose	Tunheim
Heap	Lasley	Olsen, S.	Rukavina	Uphus
Himle	Lieder	Olson, K.	Sarna	Valento
Hugoson	Long	Omann	Schafer	Vanasek
Jacobs	Marsh	Onnen	Scheid	Voss
Jaros	McDonald	Orenstein	Schreiber	Walkman
Jefferson	McEachern	Osthoff	Seaberg	Welle
Jennings	McKasy	Otis	Segal	Wenzel
Jensen	McLaughlin	Ozment	Shaver	Winter
Johnson, A.	McPherson	Pappas	Simoneau	Spk. Norton

The bill was passed and its title agreed to.

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

H. F. No. 1103, A bill for an act relating to retirement; providing benefit portability for disability benefits, survivor annuities, and survivor benefits; establishing a combined service disability benefit and a combined service survivor benefit; proposing coding for new law in Minnesota Statutes, chapter 356.

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.	Dempsey	Johnson, A.	McKasy	Orenstein
Anderson, R.	Dille	Johnson, R.	McLaughlin	Osthoff
Battaglia	Dorn	Johnson, V.	McPherson	Otis
Bauerly	Forsythe	Kahn	Milbert	Ozment
Beard	Frederick	Kalis	Miller	Pappas
Begich	Frerichs	Kelly	Minne	Pauly
Bennett	Greenfield	Kelso	Morrison	Pelowski
Bertram	Gruenes	Kinkel	Munger	Peterson
Bishop	Gutknecht	Kludt	Murphy	Poppenhagen
Brown	Hartle	Knuth	Nelson, C.	Price
Burger	Haukoos	Kostohryz	Nelson, D.	Quinn
Carlson, D.	Heap	Krueger	Nelson, K.	Quist
Carlson, L.	Himle	Larsen	Neuenschwander	Redalen
Carruthers	Hugoson	Lasley	O'Connor	Reding
Clark	Jacobs	Lieder	Ogren	Rice
Clausnitzer	Jaros	Long	Olsen, S.	Richter
Cooper	Jefferson	Marsh	Olson, K.	Rodosovich
Dauner	Jennings	McDonaid	Omann	Rose
DeBlieck	Jensen	McEachern	Onnen	Rukavina

Sarna	Shaver	Steensma	Trimble	Waltman
Schafer	Simoneau	Svigum	Tunheim	Welle
Scheid	Skoglund	Swenson	Uphus	Wenzel
Schreiber	Solberg	Thiede	Valento	Winter
Seaberg	Sparby	Tjornhom	Vanasek	Spk. Norton
Segal	Stanius	Tompkins	Voss	

The bill was passed and its title agreed to.

H. F. No. 1263, A bill for an act relating to the administration of state property; extending the period for which the commissioner of administration may lease state property; amending Minnesota Statutes 1986, section 16B.24, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Otis	Skoglund
Anderson, R.	Gruenes	Lieder	Ozment	Solberg
Battaglia	Gutknecht	Long	Pappas	Sparby
Bauerly	Hartle	Marsh	Pauly	Stanius
Beard	Haukoos	McDonald	Pelowski	Steensma
Begich	Heap	McEachern	Peterson	Svigum
Bennett	Himle	McKasy	Poppenhagen	Swenson
Bertram	Hugoson	McLaughlin	Price	Thiede
Bishop	Jacobs	McPherson	Quinn	Tjornhom
Boo	Jaros	Milbert	Quist	Tompkins
Brown	Jefferson	Miller	Redalen	Trimble
Burger	Jennings	Minne	Reding	Tunheim
Carlson, D.	Jensen	Morrison	Rest	Uphus
Carlson, L.	Johnson, A.	Munger	Rice	Valento
Carruthers	Johnson, R.	Murphy	Richter	Vanasek
Clark	Johnson, V.	Nelson, C.	Riveness	Voss
Clausnitzer	Kahn	Nelson, D.	Rodosovich	Wagenius
Cooper	Kalis	Nelson, K.	Rose	Waltman
Dauner	Kelly	Neuenschwander	Rukavina	Welle
DeBlieck	Kelso	O'Connor	Sarna	Wenzel
Dempsey	Kinkel	Ogren	Schafer	Winter
Dille	Kludt	Olsen, S.	Schreiber	Wynia
Dorn	Knuth	Olson, K.	Seaberg	Spk. Norton
Forsythe	Kostohryz	Omann	Segal	
Frederick	Krueger	Onnen	Shaver	
Frerichs	Larsen	Orenstein	Simoneau	

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 1312, A bill for an act relating to peace officers; requiring licensure as a prerequisite to exercising the authority of a peace officer unless otherwise authorized by law; prohibiting persons from

misrepresenting themselves as peace officers or part-time peace officers; prescribing penalties; amending Minnesota Statutes 1986, sections 169.98, by adding subdivisions; 367.41, subdivision 1; and 626.84; proposing coding for new law in Minnesota Statutes, chapter 626.

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 71 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Beard	Johnson, R.	McKasy	Otis	Sparby
Bishop	Kahn	McLaughlin	Ozment	Swenson
Brown	Kelly	Milbert	Pappas	Tompkins
Carlson, L.	Kelso	Morrison	Price	Trimble
Carruthers	Kinkel	Munger	Reding	Tunheim
Clark	Kludt	Murphy	Rest	Vanasek
Clausnitzer	Knuth	Nelson, C.	Rice	Voss
Cooper	Kostohryz	Nelson, D.	Riveness	Wagenius
Dempsey	Krueger	Nelson, K.	Rodosovich	Welle
Greenfield	Larsen	O'Connor	Scheid	Wynia
Gruenes	Lasley	Ogren	Seaberg	Spk. Norton
Jacobs	Lieder	Olsen, S.	Segal	
Jaros	Long	Onnen	Simoneau	
Jefferson	Marsh	Orenstein	Skoglund	
Johnson, A.	McEachern	Osthoff	Solberg	

Those who voted in the negative were:

Anderson, G.	Dille	Jennings	Pauly	Schreiber
Anderson, R.	Dorn	Jensen	Pelowski	Stanius
Battaglia	Forsythe	Johnson, V.	Peterson	Steensma
Bauerly	Frederick	Kalis	Poppenhagen	Sviggum
Begich	Frerichs	McDonald	Quist	Thiede
Bertram	Gutknecht	McPherson	Redalen	Tjornhom
Boo	Hartle	Miller	Richter	Upphus
Burger	Haukoos	Minne	Rose	Valento
Carlson, D.	Heap	Neuenschwander	Sarna	Waltman
Dauner	Himle	Olson, K.	Schafer	Wenzel
DeBlieck	Hugoson	Omann	Schoenfeld	Winter

The bill was passed and its title agreed to.

## GENERAL ORDERS

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

## MOTIONS AND RESOLUTIONS

Anderson, R., moved that his name be stricken as an author on H. F. No. 521. The motion prevailed.

Rodosovich moved that H. F. No. 781 be recalled from the Committee on Appropriations and be re-referred to the Committee on Governmental Operations. The motion prevailed.

Cooper moved that H. F. No. 777 be recalled from the Committee on Commerce and be re-referred to the Committee on Agriculture. The motion prevailed.

Kahn moved that H. F. No. 397 be returned to its author. The motion prevailed.

Gutknecht, Kelly, Clausnitzer, Pauly and Tjornhom introduced:

House Resolution No. 42, A House resolution directing the correction of the surveying and mapping errors that have continually resulted in the omission of the town of Lake Wobegon and Mist County from maps of Minnesota.

The resolution was referred to the Committee on Rules and Legislative Administration.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 9:00 a.m., Wednesday, April 29, 1987. The motion prevailed.

McLaughlin moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Wednesday, April 29, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## THIRTY-NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 29, 1987

The House of Representatives convened at 9:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Pastor Bryan Bergin, Immanuel Lutheran Church, Almelund, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Begich	Heap	McKasy	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Sviggun
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jaros	Miller	Quist	Tjornhom
Boo	Jefferson	Minne	Redalen	Tompkins
Brown	Jennings	Morrison	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, D.	Johnson, A.	Murphy	Rice	Uphus
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Valento
Carruthers	Johnson, V.	Nelson, D.	Riveness	Vanasek
Clark	Kahn	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kalis	Neuenschwander	Rose	Voss
Cooper	Kelly	O'Connor	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlieck	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludd	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omann	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

A quorum was present.

Knickerbocker was excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Rodosovich 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. 529, 259, 569, 574, 647, 1304, 1328, 1404, 1475, 1515, 1563, 884, 384, 291, 1041, 1113, 654 and 1281 and S. F. Nos. 235, 345, 922, 282 and 378 have been placed in the members' files.

S. F. No. 922 and H. F. No. 1038, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Redalen moved that S. F. No. 922 be substituted for H. F. No. 1038 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 345 and H. F. No. 844, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Nelson, D., moved that S. F. No. 345 be substituted for H. F. No. 844 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 235 and H. F. No. 259, 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. 235 be substituted for H. F. No. 259 and that the House File be indefinitely postponed. The motion prevailed.

## REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 12, A bill for an act relating to retirement; increasing retirement and survivor benefits for certain retired members of the Virginia firefighters' relief association and surviving spouses of deceased members.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**“Section 1. [VIRGINIA FIREFIGHTERS’ RELIEF ASSOCIATION.]**

Survivor benefits payable to a surviving spouse of a deceased member of the Virginia firefighters’ relief association are increased by \$100 per month. If the spouse predeceases the member, survivor benefits shall be paid to the surviving children, if any. If no children survive the member, survivor benefits accrued to the member up to the date of death shall be paid to the beneficiary designated by the member.

**Sec. 2. [LOCAL APPROVAL.]**

Section 1 is effective retroactive to January 1, 1987, upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021.”

Delete the title and insert:

“A bill for an act relating to retirement; increasing survivor benefits payable by the Virginia firefighters’ relief association; authorizing payment to alternate beneficiaries if no spouse survives.”

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.

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

H. F. No. 71, A bill for an act relating to insurance; health and accident; requiring coverage for scalp hair prostheses in certain circumstances; amending Minnesota Statutes 1986, section 62E.06, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 62A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**“Section 1. [62A.28] [COVERAGE FOR SCALP HAIR PROSTHESES.]**

Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance, health maintenance contracts regulated under chapter 62D, health benefit certificates

offered through a fraternal beneficiary association regulated under chapter 64B, and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C. This section does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis, or policies that provide only accident coverage.

Subd. 2. [REQUIRED COVERAGE.] Every policy, plan, certificate, or contract referred to in subdivision 1 issued or renewed after August 1, 1987, must provide coverage for scalp hair prostheses worn for hair loss suffered as a result of alopecia areata or for hair loss suffered by a minor as a result of chemotherapy.

The coverage required by this section is subject to a policy's copayment requirement and is limited to a maximum of \$350 in any benefit year, exclusive of any deductible.

Sec. 2. Minnesota Statutes 1986, section 62E.06, subdivision 1, is amended to read:

Subdivision 1. [NUMBER THREE PLAN.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 62C, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall be subject to a maximum lifetime benefit of not less than \$250,000.

The \$3,000 limitation on total annual out-of-pocket expenses and the \$250,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

(1) hospital services;

(2) professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than outpatient mental or dental, which are rendered by a physician or at the physician's direction;

(3) drugs requiring a physician's prescription;

(4) services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under medicare;

(5) services of a home health agency if the services would qualify as reimbursable services under medicare;

(6) use of radium or other radioactive materials;

(7) oxygen;

(8) anesthetics;

(9) prostheses other than dental but including scalp hair prostheses worn for hair loss suffered as a result of alopecia areata or for hair loss suffered by a minor as a result of chemotherapy;

(10) rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;

(11) diagnostic X-rays and laboratory tests;

(12) oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) services of a physical therapist; and

(14) transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition; or a reasonable mileage rate for transportation to a kidney dialysis center for treatment.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, medicare or any other governmental program except as otherwise provided by law;

(2) any charge for treatment for cosmetic purposes other than for reconstructive surgery when such service is incidental to or follows surgery resulting from injury, sickness or other diseases of the

involved part or when such service is performed on a covered dependent child because of congenital disease or anomaly which has resulted in a functional defect as determined by the attending physician;

(3) care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under medicare;

(4) any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semiprivate room, unless a private room is prescribed as medically necessary by a physician, provided, however, that if the institution does not have semiprivate rooms, its most common semiprivate room charge shall be considered to be 90 percent of its lowest private room charge;

(5) that part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (e), benefits for well baby care, effective July 1, 1980, subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

(f) Effective August 1, 1985, the minimum benefits of a qualified plan must include, in addition to the benefits specified in clauses (a), (d), and (e), coverage for special dietary treatment for phenylketonuria when recommended by a physician."

Delete the title and insert:

"A bill for an act relating to insurance; health and accident; requiring coverage for scalp hair prostheses in certain circumstances; amending Minnesota Statutes 1986, section 62E.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 516, A bill for an act relating to human services; creating the office of ombudsman for mental health and mental retardation; providing for the powers and duties of the ombudsman; creating a medical review board; requiring reporting of abuse and neglect to the ombudsman for mental health and mental retardation; amending Minnesota Statutes 1986, sections 13.46, subdivision 1; 626.556, subdivisions 9 and 10; and 626.557, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 245.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 753, A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, school and resource center for the arts, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; establishing a fringe benefit program; changing the capital expenditure formula; changing the secondary vocational funding formula; establishing milk program aid; increasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3, 5, and by adding subdivisions; 121.87, subdivision 1 and by adding a subdivision; 121.88, subdivision 2 and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1 and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1, 4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3, and by

adding a subdivision; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.275, subdivision 2; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 129B.17; 129B.20, subdivision 1; 129B.21; 129C.10, subdivisions 1, 3, 4, 5, 6, and by adding subdivisions; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivisions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.35; 129B.37; and 275.125, subdivision 5d.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## “APPROPRIATION

### SUMMARY

#### Section 1. [WORDS OF APPROPRIATION; TABLE.]

The sums shown are appropriated from the general fund, or any other named fund, to the agencies for the purposes specified in this act, to be available for the fiscal year indicated for each purpose. The figures “1988” and “1989”, where used in this act, mean that the appropriation or appropriations listed under or along side them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	<u>1988</u>	<u>1989</u>	<u>TOTAL</u>
<u>General</u>	<u>\$1,465,212,755</u>	<u>\$1,476,124,097</u>	<u>\$2,941,336,852</u>
<u>Public Health</u>	<u>693,000</u>	<u>719,600</u>	<u>1,412,600</u>
<u>Trunk Hwy</u>	<u>20,700</u>	<u>20,700</u>	<u>41,400</u>

## ARTICLE 1

## FOUNDATION AID

Section 1. Minnesota Statutes 1986, section 124.17, subdivision 1, is amended to read:

Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In a program approved by the commissioner, for each handicapped prekindergarten pupil, one-half pupil unit for up to 437 hours of education services in the school year as provided in the pupil's individual education plan or, for more than 437 hours of education services, a number of pupil units equal to the ratio of the number of hours of education service required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(2) In an elementary school:

(a) For each handicapped kindergarten pupil, as defined in section 120.03, enrolled in a program approved by the commissioner, a number of pupil units equal to the ratio of the number of hours of education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(3) In secondary schools, for the 1987-1988 school year, 1-4/10 pupil units. In secondary schools, for the 1988-1989 school year and each year thereafter, 1-3/10 pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.



Sec. 2. Minnesota Statutes 1986, section 124.17, subdivision 1a, is amended to read:

Subd. 1a. [AFDC PUPIL UNITS.] In addition to the pupil units counted under subdivision 1, pupil units shall be counted as provided in this subdivision, beginning with the ~~1986-1987~~ 1988-1989 school year.

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

(2) In every district in which the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the actual pupil units in the district for the same year as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for this paragraph. In districts in which the percent of concentration is less than six, additional pupil units must not be counted under this paragraph for pupils from families receiving aid to families with dependent children or its successor program. A pupil must not be counted as more than 1-1/10 additional pupil units under this subdivision. The weighting in this paragraph is in addition to the weighting provided in subdivision 1 and paragraph (1).

Sec. 3. Minnesota Statutes 1986, section 124.2138, is amended by adding a subdivision to read:

Subd. 2a. [TRANSPORTATION LEVY EQUITY.] (a) For any nonagricultural district, in any year, if the maximum basic transportation levy limitation of the district is more than the sum of the transportation aid under section 124.225, subdivisions 8b, 8i, 8j, and 8k and article 2, section 7, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, to the extent that those special state aid payments and other state payments are not reduced under sections 18, 19, and 20. However, the aid authorized in section 124.646 must not be reduced.

(b) The amount of the deduction equals the difference between:

(1) the district's maximum basic transportation levy limitation;  
and

(2) the sum of the district's transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k and article 2, section 7, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

Sec. 4. Minnesota Statutes 1986, section 124.2138, subdivision 4, is amended to read:

Subd. 4. [NONAGRICULTURAL DISTRICT DEFINED.] For the purposes of this section and ~~section 124A.037~~ sections 3, 18, 19 and 20, nonagricultural district means a district where the assessed valuation of agricultural land identified in section 273.13, subdivision 23, comprises less than 60 percent of the assessed valuation of the district.

Sec. 5. Minnesota Statutes 1986, section 124.2162, is amended by adding a subdivision to read:

Subd. 3. [REDISTRIBUTION.] For purposes of aid calculations, the commissioner may redistribute current year teacher retirement and F.I.C.A. obligations between districts entering into agreements or other arrangements for sharing of instructional time of staff who would otherwise qualify for teacher retirement and F.I.C.A. obligations to adjust for changes in staffing patterns between the base year and the current year resulting from the agreements.

Sec. 6. Minnesota Statutes 1986, section 124A.01, is amended to read:

#### 124A.01 [FOUNDATION AID COMPONENTS.]

Foundation aid shall equal the sum of the following:

- (a) basic aid;
- (b) cost differential tier aid;
- (c) second tier aid;
- (d) third tier aid;
- (e) fourth tier aid;
- (f) fifth tier aid;
- (g) minimum aid; and
- (h) declining pupil aid; and

(4) shared time pupil aid.

Sec. 7. Minnesota Statutes 1986, section 124A.02, is amended by adding a subdivision to read:

Subd. 5a. [BASIC FOUNDATION AID; 1987-1988 SCHOOL YEAR.] A district's basic foundation aid for the 1987-1988 school year equals its basic foundation revenue for that school year, minus the lesser of (1) the basic maintenance mill rate times the applicable adjusted assessed valuation of the district; or (2) \$1,700 times the district's total pupil units for that school year.

Sec. 8. Minnesota Statutes 1986, section 124A.02, subdivision 7, is amended to read:

Subd. 7. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 124A.03, subdivision 1a.

Sec. 9. Minnesota Statutes 1986, section 124A.02, subdivision 8, is amended to read:

Subd. 8. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per total pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for the 1987-1988 school year and for levies for use in that school year equals \$74,890. The equalizing factor for each school year, except the 1987-1988 school year, and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year.

Sec. 10. Minnesota Statutes 1986, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The formula allowance shall be \$1,690 for the 1985 payable

1986 levies and for foundation aid for the 1986-1987 school year. The formula allowance is ~~\$1,700~~ \$1,944 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year.

The formula allowance is \$2,085 for the 1987 payable 1988 levies and for foundation aid for the 1988-1989 school year.

Sec. 11. Minnesota Statutes 1986, section 124A.02, subdivision 16, is amended to read:

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

For the 1986-1987 and 1987-1988 school year and each year thereafter years, "AFDC pupil units" means the pupil units identified in Minnesota Statutes 1986, section 124.17, subdivision 1a for the 1986-1987 school year. For the 1988-1989 school year and each year thereafter, "AFDC pupil units" means the pupil units identified in section 124.17, subdivision 1a, multiplied by 88 percent.

Sec. 12. Minnesota Statutes 1986, section 124A.02, is amended by adding a subdivision to read:

Subd. 25. [TOTAL FOUNDATION REVENUE.] A district's "total foundation revenue" means the sum of the district's basic foundation revenue and tier revenue, but does not include the portion of the cost differential revenue attributable to the equity allowance and the secondary weighting decline allowance, as defined in section 23.

Sec. 13. Minnesota Statutes 1986, section 124A.02, is amended by adding a subdivision to read:

Subd. 26. [STATEWIDE AVERAGE FOUNDATION REVENUE PER ACTUAL PUPIL UNIT.] (a) "Statewide average foundation revenue per actual pupil unit" means the sum of basic foundation revenue and tier revenue for all school districts divided by the number of actual pupil units in all districts for that year. The tier revenue does not include the portion of the cost differential tier revenue attributable to the formula equity allowance or the secondary weighting decline allowance, as defined in section 23.

(b) The commissioner shall compute the statewide average foundation revenue per actual pupil unit for each school year and shall notify all districts of it before the districts' levies for that school year are required to be certified. The commissioner shall use the latest available information in computing the statewide average founda-

tion revenue under this subdivision and must not adjust the amount after the levies are certified for a particular year.

Sec. 14. Minnesota Statutes 1986, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth hundredth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$692,000,000. The basic maintenance mill rate for the 1987 payable 1988 levies and for foundation aid for the 1988-1989 school year must be set to raise \$798,862,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 15. Minnesota Statutes 1986, section 124A.03, subdivision 3, is amended to read:

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

(a) (1) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year; plus (2) the amount by which special state aids authorized in chapters 124 and 124A, receivable for the same school year, excluding aid authorized in section 124.646, are estimated to be reduced under section 18; plus (3) the amount by which state aid

payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, are estimated to be reduced under section 18; less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.

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

Sec. 16. Minnesota Statutes 1986, section 124A.03, is amended by adding a subdivision to read:

Subd. 3a. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA; 1987-1988 SCHOOL YEAR.] If the amount of the maximum levy limitation under subdivision 1 for any district exceeds the product of \$1,700 times the estimated number of total pupil units for that district for the 1987-1988 school year, the levy limitation for that district under subdivision 1 is limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) the product of \$1,700 times the estimated number of total pupil units for the 1987-1988 school year; less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4, in the school year in which the levy is recognized as revenue.

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

Sec. 17. Minnesota Statutes 1986, section 124A.033, subdivision 2, is amended to read:

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

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

(2) For 1986 and 1987 summer programs, "summer program revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the foundation aid formula allowance as defined in section 124A.02 for the preceding regular school year. For summer programs in 1988 and later years, "summer program revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district times 89 percent of the foundation aid formula allowance as defined in section 124A.02 for the last regular school year.

(3) "Summer program aid" means aid for summer programs and intersession classes of flexible school year programs.

Sec. 18. [124A.0371] [BASIC MAINTENANCE LEVY EQUITY.]

(a) For a nonagricultural district, if the amount of the maximum levy limitation under section 124A.03, subdivision 1, for a school year is more than the district's basic foundation revenue for that school year, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8. The aid authorized in section 124.646 must not be reduced.

(b) The amount of the deduction equals the difference between:

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

(2) the district's basic foundation revenue.

Sec. 19. [124A.0372] [COST DIFFERENTIAL TIER LEVY EQUITY.]

For a nonagricultural district, if the amount of the maximum levy limitation under section 124A.06, subdivision 3a, for a school year is more than the district's cost differential tier revenue for that school year, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws

1983, chapter 342, article 8, section 8, to the extent that the special state aid payments and the other state payments are not reduced under section 18. The aid authorized in section 124.646 must not be reduced.

The amount of the deduction equals the difference between the result in paragraph (a) and paragraph (b).

(a) Make the computations in clauses (1) to (3).

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

(2) Divide the result in clause (1) by the equalizing factor for the school year to which the levy is attributable.

(3) Multiply the result in clause (2) by the district's cost differential tier revenue for the school year to which the levy is attributable.

(b) From the result in paragraph (a) subtract the district's cost differential tier revenue.

Sec. 20. [124A.0373] [SECOND TIER LEVY EQUITY.]

For a nonagricultural district, if the amount of the maximum levy limitation under section 124A.08, subdivision 3a, for a school year is more than the district's second tier revenue for that school year, an amount must be deducted as provided in this subdivision from special state aid authorized in chapters 124 and 124A, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, to the extent that the special state aid payments and the other state payments are not reduced under sections 18 and 19. The aid authorized in section 124.646 must not be reduced.

The amount of the deduction equals the difference between the results in paragraphs (a) and (b).

(a) Make the computations in clauses (1) to (3).

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

(2) Divide the result in clause (1) by the equalizing factor for the school year to which the levy is attributable.



(3) Multiply the result in clause (2) by the district's second tier revenue for the school year to which the levy is attributable.

(b) From the result in paragraph (a) subtract the district's second tier revenue.

Sec. 21. [124A.05] [SPARSITY AMOUNT.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply in this section.

(a) "High school" means a secondary school, as defined in section 120.05, subdivision 2, clause (3), that enrolls pupils in each of grades 10, 11, and 12. If a district has entered into an agreement providing for the discontinuance of one or more grade levels according to section 122.535 or 122.541, and if there is no secondary school in the district that enrolls pupils in each of grades 10, 11, and 12, then the commissioner shall name one school in the district as a high school for this section.

(b) (1) In a district with only one high school, "secondary average daily membership" means the average daily membership of resident pupils in grades 7 through 12, as defined in section 124.17, subdivision 2.

(2) In a school district with more than one high school, "secondary average daily membership" for a particular high school means the product of the number of resident pupils enrolled in grades 7 through 12 in average daily membership in that high school, as defined in section 124.17, subdivision 2, times the ratio of six to the number of grades in that high school.

(c) "Attendance area" means the quotient of the total surface area in square miles of a district divided by the number of high schools in the district.

(d) "Isolation index" means the sum of

(1) the distance in miles measured by the usual traveled routes between a particular high school in a district and the nearest other high school, plus

(2) the square root of one-half the attendance area.

(e) "Qualifying high school" means a high school with an isolation index of greater than 18 and with secondary average daily membership of less than 500 in the year for which the aid is to be paid.

Subd. 2. [COMPUTATION.] A district's sparsity amount for a school year equals the sum of the amounts determined by computing the following product for each qualifying high school in the district:

(a) the foundation aid formula allowance for the school year, multiplied by

(b) the secondary average daily membership of the high school, multiplied by

(c) the quotient obtained by dividing (1) the remainder of 500 minus the secondary average daily membership by (2) the sum of 500 plus the secondary daily membership, multiplied by

(d) the quotient obtained by dividing (1) the remainder of the isolation index minus 18 by (2) the isolation index, multiplied by

(e) two.

Subd. 3. [ISOLATED ELEMENTARY SCHOOLS.] A district operating an elementary school, as defined in section 120.05, subdivision 2, that enrolls fewer than 20 pupils, and that is at least 50 miles by the usual traveled routes from the nearest other Minnesota elementary school, shall receive an additional sparsity amount equal to the foundation aid formula allowance times the number of pupils enrolled in that school, times two.

Sec. 22. [124A.051] [TEACHER RETIREMENT AND F.I.C.A. GUARANTEE.]

A district's "teacher retirement and F.I.C.A. guarantee" for each school year equals:

(a) the sum of

(1) its teacher retirement and F.I.C.A. aid for fiscal year 1987 under section 124.2162; plus

(2) the amount of teacher retirement and F.I.C.A. aid for fiscal year 1987 under section 124.2163, allocated to the district by intermediate districts and other employing units of which it is a member, divided by:

(b) its actual pupil units for the 1986-1987 school year.

For this section, intermediate school districts and other employing units as defined in section 124.2161, shall allocate the amount of their teacher retirement and F.I.C.A. aid for fiscal year 1987 among their member school districts.

Sec. 23. Minnesota Statutes 1986, section 124A.06, is amended to read:

124A.06 [COST DIFFERENTIAL TIER.]

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance for the 1987-1988 school year shall be the sum of the sparsity allowance and the training and experience allowance. A district's cost differential tier allowance for the 1988-1989 school year and each year thereafter is the sum of the sparsity allowance, the training and experience allowance, the excess retirement allowance, the formula equity allowance, and the secondary weighting decline allowance.

Subd. 1a. [SPARSITY ALLOWANCE.] A district's sparsity allowance for the 1987-1988 school year shall be the result of the following computation:

(a) Multiply two times the district's sparsity replacement component for the 1980-1981 school year, assuming that Minnesota Statutes 1982, section 124.2124, subdivision 1, had been effective for the 1980-1981 school year.

(b) Divide the result in clause (a) by the actual pupil units in the district for the 1980-1981 school year.

(c) Divide the formula allowance for the school year \$1,700 by \$1,265.

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

A district's sparsity allowance for the 1988-1989 school year and each year thereafter equals the district's sparsity amount for that school year according to section 21, divided by the actual pupil units in the school district for that school year.

Subd. 1b. [TRAINING AND EXPERIENCE ALLOWANCE.] A district's training and experience allowance shall be the greater of zero or the result of the following computation:

(a) Subtract 1.25 from the training and experience index.

(b) Multiply the result in clause (a) by ~~\$300~~ \$400 for the ~~1984-1985~~ 1987-1988 school year, and by ~~\$400~~ \$633.75 for the ~~1985-1986~~ 1988-1989 school year, and each school year thereafter.

Subd. 1c. [EXCESS RETIREMENT ALLOWANCE.] A district's excess retirement allowance for the 1988-1989 school year and each year thereafter equals the result of the following computation:

(a) Multiply the district's basic foundation revenue for that school year by 0.11.

(b) Divide the result in clause (a) by the actual pupil units in the district for that school year.

(c) Multiply the district's sparsity allowance for that school year by 0.11.

(d) Multiply the district's training and experience allowance for that school year by 0.11.

(e) Subtract the results in clauses (b), (c), and (d) from the teacher retirement and F.I.C.A. guarantee according to section 22.

(f) If the result in clause (e) is less than zero, the excess retirement allowance equals zero.

Subd. 1d. [EXCESS RETIREMENT AID.] A district's excess retirement aid for the 1987-1988 school year equals the greater of the result in clause (c) or (f):

(a) Subtract 1.25 from the training and experience index.

(b) Multiply the result in clause (a) by \$70.

(c) Multiply the result in clause (b) by the actual pupil units for that school year.

(d) Multiply the district's teacher retirement and F.I.C.A. guarantee according to section 22 by the actual pupil units for that school year.

(e) Multiply the total pupil units for that school year by \$214.

(f) Subtract the result in clause (e) from the result in clause (d).

Subd. 1e. [FORMULA EQUITY ALLOWANCE.] (a) A district's formula equity allowance for the 1988-1989 school year is the greater of zero or the result of the following computation:

(1) Subtract the district's total foundation revenue per actual pupil unit from \$2,695.

(2) Subtract from the result in clause (1), the amount by which the district's net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds the second tier levy fund balance subtraction under section 124A.08, subdivision 5.

(b) A district's formula equity allowance for the 1989-1990 school year and each year thereafter is the greater of zero or the result of the following computation:

(1) Subtract the district's total foundation revenue per actual pupil unit from the statewide average foundation revenue per actual pupil unit.

(2) Subtract from the result in clause (1), the amount by which the district's net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds the second tier levy fund balance excess under section 124A.08, subdivision 5.

Subd. 1f. [SECONDARY WEIGHTING DECLINE ALLOWANCE.] A district's secondary weighting decline allowance for the 1988-1989 school year and each year thereafter is the greater of zero or the following computation:

(a) subtract the sum of the district's

(1) total foundation revenue per actual pupil unit, plus

(2) formula equity allowance; from

(b) the product of the district's

(1) prior school year's total foundation revenue per actual pupil unit for that school year, multiplied by

(2) 1.02.

Subd. 2. [COST DIFFERENTIAL TIER REVENUE.] A district's cost differential tier revenue for each school year shall equal the cost differential tier allowance times the district's actual pupil units for that school year.

Subd. 3a. [COST DIFFERENTIAL TIER LEVY.] A district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or that equals the result of the following computation:

(i) (1) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) (2) Divide the result in clause (i) (1) by the equalizing factor for the school year to which the levy is attributable.

(iii) (3) Multiply the result in clause (ii) (2) by the district's cost differential tier revenue for the school year to which the levy is attributable.

(4) Select the lesser of the result in clause (3) or the cost differential tier revenue.

(5) Add to the result in clause (4) the amount by which special state aids authorized in chapters 124 and 124A receivable for the same school year, excluding aid authorized in section 124.646, are estimated to be reduced under section 19, plus the amount by which state aid payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, are estimated to be reduced under section 19.

Subd. 4. [COST DIFFERENTIAL TIER AID.] A district's cost differential tier aid shall be the result of the following computation:

(1) Subtract the amount of the cost differential tier levy from the amount of the cost differential tier revenue.

(2) Divide the actual cost differential tier levy by the permitted cost differential tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

(4) For the 1987-1988 school year only, add the district's excess retirement aid according to subdivision 1d, to the result in clause (3).

Sec. 24. Minnesota Statutes 1986, section 124A.08, subdivision 1, is amended to read:

Subdivision 1. [SECOND TIER ALLOWANCE.] "Second tier allowance" means the amount of revenue per actual pupil unit used to compute the second tier aid for a particular school year and the corresponding levy for that school year. The second tier allowance is \$150 for the 1987-1988 school year and \$153.75 for the 1988-1989 school year and later school years.

Sec. 25. Minnesota Statutes 1986, section 124A.08, subdivision 3a, is amended to read:

Subd. 3a. [SECOND TIER LEVY.] A district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or that equals the result of the following computation:

(i) (1) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) (2) Divide the result in clause (i) (1) by the equalizing factor for the school year to which the levy is attributable.

(iii) (3) Multiply the result in clause (ii) (2) by the district's second tier revenue for the school year to which the levy is attributable.

(4) Select the lesser of: the result in clause (3) or the second tier revenue.

(5) Add to the result in clause (4) the amount by which special state aids authorized in chapters 124 and 124A receivable for the same school year, excluding aid authorized in section 124.646, are estimated to be reduced under section 20, plus the amount by which state aid payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8, are estimated to be reduced under section 20.

Sec. 26. Minnesota Statutes 1986, section 124A.08, subdivision 5, is amended to read:

Subd. 5. [SECOND TIER LEVY FUND BALANCE.] (a) For purposes of clauses (b) and (c) of this subdivision, "fund balance excess" means the amount obtained by subtracting from the net operating fund balance as of June 30, 1987, the greater of: (1) \$500 multiplied by the district's total pupil units; or (2) the product of: 15 percent of the district's net unappropriated operating funds expenditure for fiscal year 1987, times 105.1 percent, times the ratio of the district's actual pupil units for the 1988-1989 school year to the district's actual pupil units for the 1986-1987 school year.

(b) The 1987 payable 1988 second tier levy must be reduced by the amount of the fund balance excess times the lesser of (1) one, or (2) the ratio of the district's 1986 adjusted assessed valuation per total pupil unit in the 1988-1989 school year to the equalizing factor.

(c) The second tier aid for the 1988-1989 school year must be reduced by any amount of the fund balance excess that is not subtracted from the levy.

(d) Beginning with the 1983 1988 payable 1984 1989 levy, for a district where the net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds the greater of \$500 per total pupil unit in the year the levy is certified, or the product of (1) 15 percent of the district's net unappropriated operating funds expenditure for the fiscal year ending on the June 30 before the levy

is certified, times (2) the ratio of the formula allowance for the school year for which the levy is attributable to the formula allowance for the school year ending in the year when the levy is certified, times (3) the ratio of the district's actual pupil units for the school year to which the levy is attributable to the district's actual pupil units for the school year ending in the year the levy is certified, the second tier levy shall be reduced by the amount of the fund balance excess times the lesser of (a) (4) one, or (b) (5) the ratio of the district's EARC adjusted assessed valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor.

(e) Beginning with the 1984-1985 1989-1990 school year, the second tier aid for the year when that levy is used shall be reduced by any amount of the fund balance excess which is not subtracted from the levy.

Sec. 27. Minnesota Statutes 1986, section 124A.10, subdivision 1, is amended to read:

Subdivision 1. [THIRD TIER ALLOWANCE.] "Third tier allowance" means the amount of revenue per actual pupil unit used to compute the third tier aid for a particular school year and the corresponding levy for that school year. The third tier allowance is \$100 for the 1987-1988 school year. For the 1988-1989 school year and later school years the third tier allowance is an amount up to \$112.50 for districts with a professional development program approved by the commissioner of education under article 8, section 9, subdivision 3, or \$102.50 for districts without a professional development plan approved by the commissioner.

Sec. 28. Minnesota Statutes 1986, section 124A.10, is amended by adding a subdivision to read:

Subd. 5. [EXPENDITURE LIMITATIONS.] For any year for which the sum of a district's levy under this section and its aid for the same year under this section exceeds \$102.50 times the actual pupil units in the same year, the amount by which the sum exceeds \$102.50 times the actual pupil units may be expended only for activities approved under the professional development plan.

Sec. 29. Minnesota Statutes 1986, section 124A.12, subdivision 1, is amended to read:

Subdivision 1. [FOURTH TIER ALLOWANCE.] "Fourth tier allowance" means the amount of revenue per actual pupil unit used to compute the fourth tier aid for a particular school year and the corresponding levy for that school year. The fourth tier allowance is \$100 for the 1984-1985 school year. For the 1985-1986 1987-1988 school year and thereafter, the fourth tier allowance is the result of the following computation:



(a) Subtract 1.25 from the training and experience index, and multiply the difference by \$150.

(b) Select the greater of the result in clause (a) or zero.

(c) Add \$100 to the result of clause (b).

For 1988-1989 and later school years, the fourth tier allowance is \$102.50.

Sec. 30. Minnesota Statutes 1986, section 124A.14, subdivision 4, is amended to read:

Subd. 4. [FIFTH TIER ALLOWANCE.] "Fifth tier allowance" means the amount of revenue per actual pupil unit used to compute the fifth tier aid for a particular school year and the corresponding levy for that school year. The fifth tier allowance for the 1987-1988 school year shall equal the previous formula amount plus the minimum increase minus the total tier allowance for the current year. If this result is less than zero, the fifth tier allowance shall equal zero. The fifth tier allowance for 1988-1989 and later school years equals the previous formula amount, plus the minimum increase, plus 11 percent of the sparsity allowance, plus 11 percent of the training and experience allowance, plus the excess retirement allowance, plus the formula equity allowance, plus the secondary weighting decline allowance, plus up to \$10 if the district has a professional development plan approved by the commissioner, minus the total tier allowance for the current year. If this result is less than zero, the fifth tier allowance equals zero.

Sec. 31. [FORMULA EQUITY ALLOWANCE; DISTRICT INFORMATION.]

To be eligible for the equity allowance for the 1988-1989 school year, a district must submit the following to the commissioner by June 30, 1988:

(a) An evaluation conducted by the school district on the district's compliance with state board of education minimum curriculum standards and identification of areas where the district is above the state board minimum standards.

(b) An evaluation as to how the district coordinates the results of district assessments under Minnesota Statutes, section 126.67, subdivision 2a, with improvement of instruction and curriculum to meet instructional goals established according to Minnesota Statutes, section 126.66.

(c) A description of the school district's use of expanded student opportunities including, discontinued grade cooperation, technology

cooperation, shared staff cooperation, expanded enrollment options, consolidation, or any other programs designed to expand student opportunities.

Sec. 32. [LEVY EQUITY REPORT.]

By December 1, 1987, the department of education shall report to the education committees of the legislature on a plan to allow a four-year phase-in of the levy equity provisions in sections 3, 15, 18, 19, and 20. The report shall include methods to adjust the 1987 payable 1988 property tax levies in accordance with a four-year phase-in period.

Sec. 33. [APPROPRIATION.]

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

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

\$1,071,353,000.....1988.

\$1,073,638,000.....1989.

The appropriation for 1988 includes \$121,713,000 for aid for fiscal year 1987 payable in fiscal year 1988 and \$949,640,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriations for 1989 includes \$164,427,000 for aid for fiscal year 1988 payable in fiscal year 1989 and \$909,211,000 for aid for fiscal year 1989 payable in fiscal year 1989.

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

\$8,177,800.....1988.

\$8,100,700.....1989.

The appropriation for fiscal year 1988 is for aid for programs in summer 1987. The appropriation for fiscal year 1989 is for aid for programs in summer 1988.

Subd. 4. [RETIREMENT.] For teacher retirement under Minnesota Statutes, section 124.2162, there is appropriated:

\$33,975,000.....1988.

The appropriation for 1988 is for aid for fiscal year 1987 payable in fiscal year 1988.

Sec. 34. [REPEALER.]

Subdivision 1. [JULY 1, 1987.] Minnesota Statutes 1986, sections 124.2161; 124.2162; and 124.2163, are repealed.

Subd. 2. [JULY 1, 1988.] Minnesota Statutes 1986, section 124A.20, is repealed.

Sec. 35. [EFFECTIVE DATE.]

Section 5 is effective the day following final enactment. Sections 2, 6, and 34, subdivision 2, are effective July 1, 1988.

## ARTICLE 2

### TRANSPORTATION

Section 1. Minnesota Statutes 1986, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

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

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

For the purposes of this clause, a district may designate a licensed day care facility or the residence of a relative as the home of a pupil for part or all of the day, if requested by the pupil's parent or

guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

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

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

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

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 1986, section 124.225, subdivision 1, is amended to read:

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

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

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

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

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12½ percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33⅓ percent per year of the cost to the district of the reconditioning, plus

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

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

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

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

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

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

(1) For the purposes of this section, transportation categories for the 1986-1987 and 1987-1988 school year and thereafter years are as follows:

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

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

(2) For purposes of this section, in the 1988-1989 school year and after:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding the following transportation services provided under section 124.223, clause (1): transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; late transportation home from school for pupils involved in after school activities; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and

(ii) nonregular transportation is transportation services provided under section 124.223, clause (1) that are excluded from the regular category, and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

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

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

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

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

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

(k) "Base cost" for the 1984-1985 and 1985-1986 base years means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation. Base cost in the 1986-1987 base year and after means the ratio of:

(1) the sum of:

(i) the authorized cost in the base year for regular transportation as defined in clause (b), plus

(ii) the actual cost in the base year for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school which they could attend or from the nonpublic school actually attended, plus

(iii) the actual cost in the base year for transportation costs which are necessary because of extraordinary traffic hazards,

(2) to the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school which they could attend or from the nonpublic school actually attended, plus

(iii) the number of pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards.

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

Sec. 3. Minnesota Statutes 1986, section 124.225, subdivision 4b, is amended to read:

Subd. 4b. [FORMULA TERMS, 1984-1985 AND AFTER.] To predict the logarithm of the base cost for each district pursuant to subdivision 3 for ~~each school year~~ the 1985-1986 base year, the multiple regression formula shall use the following terms for each district:

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

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

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

To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1986-1987 base year and after, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of:

(a) 200 or

(b) the quotient obtained by dividing the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school which they could attend or from the nonpublic school actually attended, plus

(iii) the number of pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards,

by the area of the district in square miles;



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

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

Sec. 4. Minnesota Statutes 1986, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by ~~10.3~~ 6.0 percent to determine the district's aid entitlement per FTE for the ~~1984-1985~~ 1986-1987 school year, by ~~8.9~~ 4.9 percent to determine the district's aid entitlement per FTE for the ~~1985-1986~~ 1987-1988 school year, and by ~~6.0~~ 4.1 percent to determine the district's aid entitlement per FTE for the ~~1986-1987~~ 1988-1989 school year.

Sec. 5. Minnesota Statutes 1986, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [AID.] For the ~~1984-1985~~ and ~~1985-1986~~ school years a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services aid reduction pursuant to subdivision 8k, minus the amount raised by 1.75 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 1.75 mills. Transportation aid shall be computed as if the district had levied the amount raised by 1.75 mills.

(a) For the ~~1986-1987~~ and ~~1987-1988~~ school year and each year thereafter years, a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services aid reduction pursuant to subdivision 8k, minus the amount raised by 2.25 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 2.25 mills. Transportation aid shall be computed as if the district had levied the amount raised by 2.25 mills.

(b) For the 1988-1989 school year and after, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, its nonregular transportation levy equalization aid under subdivi-

vision 8j, and its excess transportation levy equalization aid under section 7, minus its contracted services aid reduction under subdivision 8k, minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

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

Sec. 6. Minnesota Statutes 1986, section 124.225, subdivision 8i, is amended to read:

Subd. 8i. [NONREGULAR TRANSPORTATION AID.] ~~For the 1984-1985 school year and each year thereafter,~~ (a) A district's nonregular transportation aid shall be determined pursuant to this subdivision.

(b) For the 1986-1987 and 1987-1988 school years, nonregular transportation aid shall equal ~~(a)~~ (1) 20 percent of the first \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 40 percent of the next \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$20, times ~~(b)~~ (2) the number of total pupil units in the district in the current year.

(c) For the 1988-1989 school year and after, nonregular transportation aid equals (1) 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$30, times (2) the number of total pupil units in the district in the current year.

Sec. 7. Minnesota Statutes 1986, section 124.225, is amended by adding a subdivision to read:

Subd. 8l. [EXCESS TRANSPORTATION LEVY EQUALIZATION AID.] For the 1988-89 school year and after, a district's excess transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Excess transportation revenue shall be the result of the following computation:

(i) Multiply the base cost computed using data for the current school year according to subdivision 1, clause (k) by the sum of the

number of secondary pupils transported to and from school in the current year who live more than one mile but less than two miles from the public school which they could attend or the nonpublic school actually attended, plus the number of pupils residing less than one mile from school who were transported to and from school in the current year due to extraordinary traffic hazards.

(ii) Add to the result in clause (i) the actual cost in the current year of other related services which are necessary because of extraordinary traffic hazards.

(b) The excess transportation levy is the levy authorized by section 10.

(c) Excess transportation levy equalization aid for a district shall equal the product of (1) its excess transportation revenue, minus the excess transportation levy limitation for that year, times (2) the ratio of the district's actual excess transportation levy to its excess transportation levy limitation.

Sec. 8. Minnesota Statutes 1986, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12½ percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33⅓ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

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

(2) for fiscal years 1985 and 1986 an amount equal to 1.75 mills times the adjusted assessed valuation of the district for the preceding year, and for fiscal year 1987 and thereafter, 2.25 mills times the adjusted assessed valuation of the district for the preceding year, the district's basic transportation levy limitation under section 275.125, subdivision 5, plus

(3) the district's contract services aid reduction under subdivision 8k, plus

(4) the district's nonregular transportation levy limitation under section 275.125, subdivision 5c, plus

(5) the district's excess transportation levy limitation pursuant to section 10.

Sec. 9. Minnesota Statutes 1986, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of 2.25 mills times the adjusted assessed valuation of the taxable property of the district for the preceding year. Beginning with levies certified in 1987 and each year thereafter, a school district may levy for school transportation services, an amount not more than the amount raised by the basic transportation mill rate times the adjusted assessed valuation of the district for the preceding year. The commissioner of revenue shall establish the basic transportation mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic transportation mill rate shall be a rate, rounded up to the nearest hundredth of a mill, that when applied to the adjusted assessed valuation of taxable property for each school district, raises the amount specified in this subdivision. The basic transportation mill rate for the 1987 payable 1988 levies and for transportation aid for the 1988-1989 school year shall be set at the rate that raises \$71,080,400. The basic transportation mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education.

Sec. 10. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 5e. [EXCESS TRANSPORTATION LEVY.] A school district may also make a levy for excess transportation costs pursuant to this subdivision. The amount of the levy shall not exceed the product of:

(a) the district's excess transportation revenue determined pursuant to section 7, times

(b) the lesser of

(i) one, or

(ii) the ratio of the district's adjusted assessed valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to 50 percent of the equalizing factor for the school year to which the levy is attributable.

Sec. 11. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 5f. [BUS PURCHASE LEVY.] A school district may also levy the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year beginning in the calendar year following the calendar year the levy is certified.

Sec. 12. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 5g. [CONTRACTED SERVICES LEVY.] A school district may also levy an amount equal to the aid subtraction computed pursuant to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

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

\$90,476,900.....1988,

\$90,235,600.....1989.

(a) The appropriation for 1988 includes \$12,194,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$78,282,600 for fiscal year 1988 payable in fiscal year 1988.

(b) The appropriation for 1989 includes \$13,814,600 for aid for fiscal year 1988 payable in fiscal year 1989 and \$76,421,000 for fiscal year 1989 payable in fiscal year 1989.

(c) The appropriations are based on aid entitlements of \$92,097,200 for fiscal year 1988 and \$89,907,000 for fiscal year 1989.

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

\$17,000.....1988,

\$17,000.....1989.

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

Subd. 4. [TRANSPORTATION AID FOR CHOICE PROGRAMS.] For transportation of pupils who attend post-secondary institutions pursuant to Minnesota Statutes, section 123.3514, there is appropriated:

\$76,875.....1988,

\$78,797.....1989.

The commissioner shall allocate this appropriation among school districts based upon criteria adopted by the state board of education.

Subd. 5. [PRORATION.] Except as provided in section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for any purposes indicated plus the amount of any transfers made according to section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts in the manner prescribed in Minnesota Statutes, section 124.225, subdivision 8a.

Sec. 14. [REPEALER.]

Minnesota Statutes 1986, sections 124.225, subdivision 1a, and 275.125, subdivision 5d, are repealed.

### ARTICLE 3

#### SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1986, section 120.03, subdivision 1, is amended to read:

Subdivision 1. Every child who has a hearing impairment, visual handicap, speech or language impairment, physical handicap, other health impairment, mental handicap, emotional/behavioral disorder, specific learning disability, or deaf/blind handicap and needs special instruction and services, as determined by the standards of the state board, is a handicapped child. In addition, every child between the ages of three and five who needs special instruction and services, as determined by the standards of the state board, because

the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a handicapped child.

Sec. 2. Minnesota Statutes 1986, section 120.17, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN.] Every district shall provide special instruction and services, either within the district or in another district, for handicapped children of school age who are residents of the district and who are handicapped as set forth in section 120.03. School age means the ages of three to 21 years for children who are handicapped as defined in section 120.03 and; provided however, the required instruction shall not extend beyond secondary school or its equivalent. For purposes of this subdivision, the age of a handicapped child shall be the age as of September 1 of the calendar year in which the school year for which the child seeks special instruction and services commences. Every district may provide special instruction and services for handicapped children who have not attained school age. Local health, education, and social service agencies shall refer children from age three to five who are known to need or suspected of needing special instruction and services to the school district. A school district is encouraged to contract with a developmental achievement center when the center is cost efficient for the district and when the center provides continuity of special instruction and services for handicapped children under the age of five and their families. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full range of programs for education and services for handicapped children. This subdivision does not alter the compulsory attendance requirements of section 120.10.

Sec. 3. Minnesota Statutes 1986, section 120.17, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SPECIAL INSTRUCTION.] Special instruction and services for handicapped children must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

- (a) in connection with attending regular elementary and secondary school classes;
- (b) establishment of special classes;
- (c) at the home or bedside of the child;
- (d) in other districts;

(e) instruction and services ~~in~~ by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the handicapped child belongs;

(f) in a state university laboratory school or a University of Minnesota laboratory school;

(g) in a state residential school or a school department of a state institution approved by the commissioner;

(h) in other states;

(i) by contracting with public, private or voluntary agencies;

(j) for children under age five and their families, programs and services established through collaborative efforts with other agencies or within the district, and

(k) for children under age five and their families, in a program in which handicapped children are served with nonhandicapped children;

(l) for children under age three, preference should be given to programs provided in the residence of the child with the parent or primary caregiver or both present; and

(m) any other method approved by the commissioner.

The primary responsibility for the education of a handicapped child shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used.

Sec. 4. Minnesota Statutes 1986, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board,



in consultation with the departments of health and human services, may adopt emergency rules and shall adopt permanent rules for instruction and services for children from age three to five and their families. Until June 30, 1988, a developmental achievement center contracting with under contract to a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. Until June 30, 1988, the licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 5. Minnesota Statutes 1986, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

~~(a)~~ (1) all handicapped children are provided the special instruction and services which are appropriate to their needs; The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade nine or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, and community living;

~~(b)~~ (2) handicapped children from age three to five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

~~(c)~~ (3) handicapped children and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of handicapped children;

~~(d)~~ (4) to the maximum extent appropriate, handicapped children, including those in public or private institutions or other care facilities, are educated with children who are not handicapped, and that special classes, separate schooling, or other removal of handicapped children from the regular educational environment occurs only when and to the extent that the nature or severity of the handicap is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(e) (5) in accordance with recognized professional standards, testing and evaluation materials and procedures utilized for the purposes of classification and placement of handicapped children are selected and administered so as not to be racially or culturally discriminatory; and

(f) (6) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 6. Minnesota Statutes 1986, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative ~~after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (e);~~

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of conciliation shall be deemed to be satisfied;

(d) Parents, guardians and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted

in the school district where the child resides, if ~~after at least one conciliation conference~~ the parent or guardian continues to object to:

- (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;
- (2) the proposed placement of their child in, or transfer of their child to a special education program;
- (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;
- (4) the proposed provision or addition of special education services for their child; or
- (5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the hearing review officer within 15 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(g) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:

(1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;

(2) the commissioner has been employed as an administrator by the district that is a party to the hearing;

(3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;

(4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(5) the appeal challenges a state or local policy which was developed with substantial involvement of the commissioner; or

(6) the appeal challenges the actions of a department employee or official.

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

(i) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(j) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 7. Minnesota Statutes 1986, section 120.17, subdivision 5, is amended to read:

Subd. 5. [SCHOOL OF PARENTS' CHOICE.] Nothing in this chapter shall be construed as preventing parents of a handicapped ~~educable~~ child from sending such child to a school of their choice, if they so elect, subject to admission standards and policies ~~to be~~

adopted pursuant according to the provisions of sections ~~128A.01 to 128A.07~~ chapter 128A, and all other provisions of chapters 120 to 129.

Sec. 8. Minnesota Statutes 1986, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota ~~School state academy for the deaf or the Minnesota Braille and Sight-Saving School state academy for the blind~~ shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that effective for the 1983-1984 school year and thereafter, the amount of tuition charged shall not exceed the sum of \$1,000 plus the foundation aid formula allowance of the district for that child, for an entire school year, or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program. For purposes of this subdivision, "foundation aid formula allowance" shall have the meaning attributed to it in section 124.32, subdivision 1a. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. All tuition received by the state board shall be deposited in the state treasury.

(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota ~~School~~ state academy for the deaf and the Minnesota ~~Braille and Sight Saving School~~ state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 9. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 11a. [STATE INTERAGENCY COORDINATING COUNCIL.] An interagency coordinating council of 15 members is established. The members and the chair shall be appointed by the governor. The council shall be composed of at least three parents of handicapped children under age seven, a representative of each of the commissioners of education, health, and human services, three representatives of public or private providers of services for handicapped children under age five, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education, at least one representative of advocacy organizations for handicapped children, and other members knowledgeable about handicapped children under age five. Section 15.059 applies to the council, except that the council is permanent and does not expire. The council shall meet at least quarterly.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for handicapped children and their families. It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, case management, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable handicapped children to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for handicapped children under age five and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

Each year by January 15 the council shall submit its recommendations to the education committees of the legislature, the governor, and the commissioners of education, health, and human services.

Sec. 10. Minnesota Statutes 1986, section 120.17, subdivision 12, is amended to read:

Subd. 12. [INTERAGENCY EARLY LEARNING INTERVENTION COMMITTEE.] A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, shall establish an interagency early learning intervention committee for handicapped children under age five and their families. Members of the committee shall be representatives of local and regional health, education, including representatives of early childhood family education programs, and county human service agencies; county commissions; school boards; developmental achievement centers; current service providers; parents of young handicapped children; and other private or public agencies as appropriate. The committee shall elect a chair from among its members and shall meet regularly at least quarterly. The committee shall perform the following ongoing duties:

(1) identify current services and funding being provided within the community for handicapped children under the age of five and their families;

(2) establish and evaluate the identification, referral, and community learning systems to recommend, where necessary, alterations and improvements;

(3) facilitate the development of interagency individual education plans and individual service plans when necessary to appropriately serve handicapped children under the age of five and their families and recommend assignment of financial responsibilities to the appropriate agencies;

(4) implement a process for assuring that services to handicapped children under age five involve cooperating agencies at all steps leading to individualized programming;



(5) review and comment on the early learning section of the total special education system for the district and the county social services plan; and

(5) review and comment on the funding sources that currently exist for the services being provided to handicapped children under the age of five and their families in the area

(6) review the funding sources that currently exist for services being provided, reduce duplication of services and related costs and promote a coordinated comprehensive service delivery system in each community; and

(7) develop a transition plan for any service that is recommended to be terminated.

The departments of education, health, and human services are encouraged to provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 11. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 14. [MAINTENANCE OF EFFORT.] A county human services agency or county board shall continue to provide services set forth in their county social service agency plan for handicapped children under age five and their families or as specified in the individual service plan and individual habilitation plan of each child. Special instruction and services for which a handicapped child is eligible under this section are not the responsibility of the local human services agency or county board. It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services and to facilitate payment for services from public and private sources. School districts and counties are encouraged to enter into agreements to cooperatively serve and provide funding for handicapped children under age five and their families.

Sec. 12. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 15. [THIRD PARTY PAYMENT.] Nothing in this section relieves an insurer or similar third party from an otherwise valid obligation to pay or changes the validity of an obligation to pay for services to a handicapped child.

Sec. 13. Minnesota Statutes 1986, section 120.17, is amended by adding a subdivision to read:

Subd. 16. [COMMUNITY TRANSITION INTERAGENCY COMMITTEE.] A district, group of districts, or special education cooper-

ative, in cooperation with the county or counties in which the district or cooperative is located, shall establish a community transition interagency committee for handicapped youth, beginning at grade nine or age equivalent, and their families. Members of the committee shall consist of representatives from special education; vocational and regular education; community education; post-secondary education and training institutions; parents of handicapped youth; local business or industry; rehabilitation services; county social services; health agencies; and additional public or private adult service providers as appropriate. The committee shall elect a chair and shall meet regularly. The committee shall:

(1) identify current services, programs, and funding sources provided within the community for secondary and post-secondary aged handicapped youth and their families;

(2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individual education plans;

(3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of handicapped individuals are met;

(4) recommend changes or improvements in the community system of transition services;

(5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; and

(6) prepare a yearly summary assessing the progress of transition services in the community and disseminate it to all adult services agencies involved in the planning and to the commissioner of education by September 1 of each year.

Sec. 14. Minnesota Statutes 1986, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the free transportation of pupils to and from school, and to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and

conveniently provided for by that means. The board shall provide transportation to and from the home of a handicapped child not yet enrolled in kindergarten when special instruction and services under section 120.17 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 15. Minnesota Statutes 1986, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [WEIGHTING.] Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) For pre-kindergarten pupils

(a) In a program approved by the commissioner, for each handicapped prekindergarten pupil, one-half pupil unit for up to 437 hours of assessment and education services in the school year as provided in the pupil's individual education plan or, for more than 437 hours of assessment and education services, a number of pupil units equal to the ratio of the number of hours of assessment and education service required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For each pre-kindergarten child who is assessed but who does not meet the definition of handicapped children in 120.03, the number of pupil units equal to the ratio of the number of hours of assessment service to 875.

(2) In an elementary school:

(a) For each handicapped kindergarten pupil, as defined in section 120.03, enrolled in a program approved by the commissioner, a number of pupil units equal to the ratio of the number of hours of assessment and education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(3) In secondary schools, 1-4/10 pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

Sec. 16. Minnesota Statutes 1986, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

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

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

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

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

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17,

subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

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

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

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

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

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

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

Sec. 17. Minnesota Statutes 1986, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] For the 1987-1988 school year, the state shall pay a school district a portion of the salary, calculated from the date of hire, of one full-time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary, calculated from the date of hire, of one-half of a full-time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled. The portion for a full-time

teacher shall be the lesser of 65 60.5 percent of the salary or \$18,100 \$16,850. The portion for a part-time or limited-time teacher shall be the lesser of 65 60.5 percent of the salary or the product of \$18,100 \$16,850 times the ratio of the person's actual employment to full-time employment.

Sec. 18. Minnesota Statutes 1986, section 124.273, is amended by adding the following subdivision to read:

Subd. 1c. [MAXIMUM REVENUE; 1988-89 AND AFTER.] (a) For 1988-1989 and later school years, a district's or cooperative center's "maximum revenue" for limited English proficiency programs equals an amount not to exceed 60.5 percent of the salaries, calculated from the date of hire, paid to each full-time equivalent teacher employed by the district for each 45 pupils of limited English proficiency enrolled in the district.

(b) Notwithstanding paragraph (a), the maximum revenue for a district with 22 or fewer pupils of limited English proficiency equals an amount not to exceed 60.5 percent of the salary paid to one-half time equivalent teacher employed by the district. However, the allowable revenue for a part-time or limited-time teacher shall be 60.5 percent of the salary times the ratio of the person's actual employment to full-time employment.

Sec. 19. Minnesota Statutes 1986, section 124.273, is amended by adding a subdivision to read:

Subd. 1d. [BASIC AID.] For the 1988-1989 and later school years, a district's or cooperative center's "basic aid" for limited English proficiency programs equals \$11,700 times the number of full-time equivalent limited English proficiency teachers for whom the district is entitled to receive revenue under subdivision 1c.

Sec. 20. Minnesota Statutes 1986, section 124.273, is amended by adding a subdivision to read:

Subd. 1e. [LEVY EQUALIZATION AID.] For the 1988-1989 and later school years, a district's or cooperative center's "levy equalization aid" shall be the result of the following computation:

(a) Subtract the basic aid calculated according to subdivision 1d from the maximum revenue calculated according to subdivision 1c.

(b) Subtract the limited English proficiency levy limitation according to section 39 from the result in clause (a).

(c) Divide the actual limited English proficiency levy by the limited English proficiency levy limitation.

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

Sec. 21. Minnesota Statutes 1986, section 124.273, is amended by adding a subdivision to read:

Subd. 1f. [TOTAL LIMITED ENGLISH PROFICIENCY AID.] For the 1988-1989 and later school years, a district's or cooperative center's "total limited English proficiency aid" equals the sum of its basic aid according to subdivision 1d and its levy equalization aid according to subdivision 1e.

Sec. 22. Minnesota Statutes 1986, section 124.32, is amended to read:

124.32 [HANDICAPPED CHILDREN.]

Subd. 1b. [TEACHERS SALARIES.] Each For the 1987-1988 school year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for handicapped children during the regular school year, whether the person is employed by one or more districts. The portion for a full-time person shall be an amount not to exceed the lesser of ~~70~~ 65.1 percent of the salary or ~~\$19,500~~ \$18,135. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of ~~70~~ 65.1 percent of the salary or the product of ~~\$19,500~~ \$18,135 times the ratio of the person's actual employment to full-time employment.

Subd. 1c. [FOUNDATION AID FORMULA ALLOWANCE.] For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in section 124A.02, subdivision 9, and "summer school revenue allowance" shall have the meaning attributed to it in section 124.201. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1.

Subd. 1d. [CONTRACT SERVICES; 1987-1988.] (1) For special instruction and services provided during the regular 1987-1988 school year to any pupil pursuant to section 120.17, subdivision 2, clause (i), by contract with public, private or voluntary agencies other than school districts, the state shall pay each district ~~55~~ 51.1 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full-time basis.

(2) For special instruction and services provided for a pupil by such a contract as part of a the 1987 summer school program, the state shall pay each district ~~55~~ 51.1 percent of the difference between the

amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Subd. 1f. [MAXIMUM REVENUE; REGULAR SCHOOL YEAR.] For 1988-1989 and later school years, a district's or cooperative center's "maximum revenue" for special education programs for a regular school year equals an amount not to exceed the sum of the following:

(a) 65.1 percent of the salaries of essential personnel employed in the district's or cooperative center's program for handicapped children during the regular school year, plus

(b) 45 percent of the amount expended for supplies and equipment purchased or rented for use in the instruction of handicapped children, not to exceed an average of \$45 in any one school year for each handicapped child receiving instruction, plus

(c) For special instruction and services provided during the regular school year to any pupil pursuant to section 120.17, subdivision 2, clause (1), by contract with public, private or voluntary agencies other than school districts, 51.1 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full-time basis.

Subd. 1g. [BASIC AID; REGULAR SCHOOL YEAR.] For the 1988-1989 and later school years, a district's or cooperative center's "basic aid" for special education programs equals the sum of the following:

(a) \$12,580 times the number of full-time equivalent essential licensed personnel employed in the district's or cooperative center's program for handicapped children during the regular school year, plus

(b) \$4,200 times the number of full-time equivalent essential unlicensed personnel employed in the district's or cooperative center's program for handicapped children during the regular school year.

Subd. 1h. [LEVY EQUALIZATION AID; REGULAR SCHOOL YEAR.] For 1988-1989 and later school years, a district's or cooperative center's "levy equalization aid" shall be the result of the following computation:

(a) Subtract the basic aid according to subdivision 1g from the maximum revenue according to subdivision 1f.



(b) Subtract the special education levy limitation according to section 37 from the result in clause (a).

(c) Divide the actual special education levy by the special education levy limitation.

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

Subd. 1i. [TOTAL AID; REGULAR SCHOOL YEAR.] For 1988-1989 and later school years, a district's or cooperative center's "total special education aid" equals the sum of its basic aid according to subdivision 1g, its levy equalization aid according to subdivision 1h, and its special pupil aid according to subdivision 6.

Subd. 2. [SUPPLY AND EQUIPMENT AID.] For the 1987-1988 school year, the state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to ~~one-half~~ 45 percent of the sum actually expended by the district but not to exceed an average of \$50 ~~\$45~~ in any one school year for each handicapped child receiving instruction.

Subd. 2b. [TRAVEL AID.] The state shall pay each district ~~one-half~~ 45 percent of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to handicapped children under age five and their families.

Subd. 3a. [CURRENT FUNDING.] Unless otherwise specified, the aids provided for educational programs for handicapped children shall be paid on a current funding basis.

Subd. 4. [AID RECIPIENTS.] The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children in the school year for which the aid is paid.

Subd. 5. [RESIDENTIAL AID.] When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. The aid shall be an amount not to exceed ~~60~~ 55.8 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed ~~60~~ 55.8 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the

resident district attributable to that child. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school state academy for the deaf or the Minnesota braille and sight-saving school state academy for the blind.

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

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

(b) a private, nonsectarian residential facility designed to provide educational services for handicapped children within the state; and

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

Subd. 6. [FULL STATE PAYMENT.] The state shall pay each district the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of education, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of the foundation aid formula allowance for the child and the special education aid, transportation aid, and any other aid earned in behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

Subd. 7. [PROGRAM AND AID APPROVAL.] Before June 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the

district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Subd. 8. [MAINSTREAMING.] When planning programs for the education of handicapped children in the regular classroom, school districts are encouraged to consider the size of the regular class and to provide the support services necessary to insure successful mainstreaming.

Subd. 10. [SUMMER SCHOOL.] The state shall pay aid for the 1987 summer school programs for handicapped children on the basis of subdivisions 1b, 1d, and 5 for the preceding 1987-1988 school year. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Subd. 10a. [MAXIMUM REVENUE; SUMMER SCHOOL.] For the 1988 and later summer programs, a district's or cooperative's

“maximum revenue” for special education summer programs equals an amount not to exceed the sum of the following:

(a) 65.1 percent of the salary of essential personnel employed in the district's or cooperative center's summer program for handicapped children, plus

(b) 45 percent of the amount expended for supplies and equipment purchased or rented for use in the instruction of handicapped children, not to exceed an average of \$8 for each handicapped child receiving instruction during the summer program, plus

(c) for special instruction and services provided as part of a summer school program to any pupil pursuant to section 120.17, subdivision 2, clause (i), by contract with public, private or voluntary agencies other than school districts, 51.1 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Subd. 10b. [BASIC AID; SUMMER SCHOOL.] For the 1988 and later summer programs, a district's or cooperative center's "basic aid" for special education summer programs equals the sum of the following:

(a) \$12,580 times the number of full-time equivalent licensed personnel employed in the district's or cooperative center's summer program for handicapped children, plus

(b) \$4,200 times the number of full-time equivalent essential unlicensed personnel employed in the district's or cooperative center's summer program for handicapped children.

Subd. 10c. [LEVY EQUALIZATION AID; SUMMER PROGRAM.] For the 1988 and later summer programs, a district's or cooperative center's levy equalization aid shall be the result of the following computation:

(a) Subtract the basic aid according to subdivision 10b, from the maximum revenue according to subdivision 10a.

(b) Subtract the special education summer program levy limitation according to section 38 from the result in clause (a).

(c) Divide the actual special education summer program levy by the special education summer program levy limitation.

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

Subd. 10d. [TOTAL AID; SUMMER PROGRAM.] For the 1988 and later summer programs, a district's or cooperative center's total

special education aid equals the sum of its basic aid according to subdivision 10b and its levy equalization aid according to subdivision 10c.

Sec. 23. Minnesota Statutes 1986, section 124.481, is amended to read:

124.481 [INDIAN POST-SECONDARY PREPARATION GRANTS.]

Subdivision 1. [PLAN FOR GRANTS.] The state board of education, with the advice of the Minnesota Indian scholarship committee, may make grants to school districts to support post-secondary preparation for secondary pupils who are of one-fourth or more Indian ancestry and who, in the opinion of the superintendent, have the capabilities to benefit from higher education. Distribution of the grants must be in accordance with a plan prepared by the state board, with the advice of the Minnesota Indian scholarship committee, that describes the objectives and methods of implementing the grant program, including the manner in which grants will be distributed in proportion to the geographical distribution of the Indian population of the state.

Subd. 2. [LONG-RANGE INDIAN EDUCATION PLAN.] (a) The school board in a district submitting a proposal under this section shall develop a long-range plan for the education of American Indians. The plan must include: (1) a description of the current status of education programs for American Indians including the relationship and role of all available programs and resources for attaining goals; (2) an assessment of the educational needs of American Indians within the district; and (3) a listing of district goals for the education of American Indians in the district.

(b) The plan must be developed in conjunction with the American Indian subcommittee of the curriculum advisory committee established under section 126.67. The plan must meet the criteria adopted by the state board of education for plans for the education of American Indian students.

Sec. 24. Minnesota Statutes 1986, section 124.573, is amended to read:

124.573 [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.]

Subdivision 1. The state shall pay aids for secondary vocational programs on a current funding basis.

Subd. 2. [SALARIES AND TRAVEL.] For the 1986-1987 and 1987-1988 school years, the eligible expenses for secondary voca-

tional aid are: (1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's approved secondary vocational education programs; (2) the costs of necessary travel between instructional sites by secondary vocational education teachers; and (3) the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. The state shall pay to any district or cooperative center 41.5 percent of the eligible expenses incurred in an approved secondary vocational program for each the 1986-1987 school year. The state shall pay to any district or cooperative center 39 percent of the eligible expenses incurred in an approved secondary vocational program for the 1987-1988 school year. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Subd. 2b. [SECONDARY VOCATIONAL AID.] For 1988-1989 and later school years, a district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a school year equals the sum of the following amounts:

(a) the greater of zero, or 60 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or cooperative center's approved secondary vocational education programs, and

(2) 28 percent of the sum of the formula allowance plus total tier revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in secondary vocational courses; and

(b) 30 percent of approved expenditures for the following:

(1) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under section 124.573, subdivision 3a;

(2) necessary travel between instructional sites by licensed secondary vocational education personnel;

(3) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

(4) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(5) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(6) specialized vocational instructional supplies.

Subd. 2c. [COOPERATIVE CENTERS.] In making the computation in subdivision 2b, paragraph (a), clause (2), for a cooperative center, the formula allowance plus total tier revenue is the average of the sums for each member district.

Subd. 3. [COMPLIANCE WITH RULES.] This Aid shall be paid under this section only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board of education. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board of education shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board of education. Licensed personnel means persons holding a valid secondary vocational license issued by the department of education, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district numbers 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the department of education or the state board for vocational technical education. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts

concerning the program or its budget differ from the facts in the district's approved application.

Subd. 3a. [AID FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. For the 1986-1987 school year, the state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. For the 1987-1988 school year, the state shall pay each district or cooperative center 35 percent of the amount of a contract entered into under this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services. For the purposes of subdivision 5, aid for these contracts shall be distributed on the same basis as aids for salaries and travel.

Subd. 4. [ALLOCATIONS; COOPERATIVES, INTERMEDIATE DISTRICTS.] All secondary vocational education aid shall be paid to the district or cooperative center providing the services. All secondary vocational education aid received by a district or center from any source shall be utilized solely for the purposes of secondary vocational education programs.

Sec. 25. Minnesota Statutes 1986, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] ~~Each~~ For the 1987-1988 school, year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person employed during that school year for services rendered in that district or center's secondary vocational education programs for handicapped children. The portion for a full-time person shall be an amount not to exceed the lesser of 70 65.1 percent of the salary or \$19,500 \$18,135. The portion for a part-time or limited-time person shall be the lesser of 70 65.1 percent of the salary or the product of \$19,500 \$18,135 times the ratio of the person's actual employment to full-time employment.

Sec. 26. Minnesota Statutes 1986, section 124.524, is amended by adding a subdivision to read:

Subd. 2c. [MAXIMUM REVENUE.] For 1988-1989 and later school years, a district's or cooperative center's "maximum revenue" for secondary vocational education programs for handicapped children for a school year equals an amount not to exceed the sum of the following:



(a) 65.1 percent of the salary of essential licensed personnel employed during that school year for services rendered in that district or center's secondary vocational programs for handicapped children, plus

(b) 45 percent of the costs of necessary equipment for secondary vocational education programs for handicapped children, plus

(c) 45 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings, plus

(d) 45 percent of the costs of necessary supplies for secondary vocational education programs for handicapped children, but not to exceed an average of \$45 in any one school year for each handicapped child receiving these services, plus

(e) For secondary vocational education programs for handicapped children provided by contract with a public or private agency other than a Minnesota school district or cooperative center, 51.1 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district attributable to pupils who receive services by contract.

Sec. 27. Minnesota Statutes 1986, section 124.574, is amended by adding a subdivision to read:

Subd. 2d. [BASIC AID.] For 1988-1989 and later school years, a district's or cooperative center's "basic aid" for secondary vocational education programs for handicapped children equals \$12,580 times the number of full-time equivalent essential licensed personnel employed during that school year in the district's or cooperative center's secondary vocational education program for handicapped children.

Sec. 28. Minnesota Statutes 1986, section 124.574, is amended by adding a subdivision to read:

Subd. 2e. [LEVY EQUALIZATION AID.] For 1988-1989 and later school years, a district's or cooperative center's levy equalization aid shall be the result of the following computation:

(a) Subtract the basic aid according to subdivision 2d from the maximum revenue according to subdivision 2c.

(b) Subtract the secondary vocational handicapped levy limitation according to section 40 from the result in clause (a).

(c) Divide the actual secondary, vocational handicapped levy by the secondary vocational handicapped levy limitation.

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

Sec. 29. Minnesota Statutes 1986, section 124.574, is amended by adding a subdivision to read:

Subd. 2f. [TOTAL AID.] For 1988-1989 and later school years, a district's or cooperative center's total aid for secondary vocational programs for handicapped children equals the sum of its basic aid according to subdivision 2d and its levy equalization aid according to subdivision 2e.

Sec. 30. Minnesota Statutes 1986, section 124.574, subdivision 3, is amended to read:

Subd. 3. [EQUIPMENT, TRAVEL, AND SUPPLIES.] In addition to the provisions of subdivision 2 2b, the state shall pay for each the 1987-1988 school year, except for the 1982-1983 school year:

(a) 50 45 percent of the costs of necessary equipment for these secondary vocational education programs for handicapped children;

(b) 50 45 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of handicapped children, but not including travel to and from local, regional, district, state or national vocational student organization meetings; and

(c) 50 45 percent of the costs of necessary supplies for these secondary vocational education programs for handicapped children, but not to exceed an average of \$50 \$45 in any one school year for each handicapped child receiving these services.

Sec. 31. Minnesota Statutes 1986, section 124.574, subdivision 4, is amended to read:

Subd. 4. [AID FOR CONTRACTED SERVICES.] In addition to the provisions of subdivisions 2 2b and 3, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for handicapped children. For the 1987-1988 school year, the formula for payment of aids for these contracts shall be that provided in section 124.32, subdivision 1b. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these

services. For the purposes of subdivision 8, aid for these contracts shall be distributed on the same basis as aids for salaries, supplies and travel.

Sec. 32. Minnesota Statutes 1986, section 126.48, is amended by adding a subdivision to read:

Subd. 7. [LONG-RANGE INDIAN EDUCATION PLAN.] (a) The school board, in a district submitting a proposal under sections 126.45 to 126.55, shall develop a long-range plan for the education of American Indians. The plan must include:

(1) a description of the current status of education programs for American Indians including the relationship and role of all available programs and resources for attaining goals;

(2) an assessment of the educational needs of American Indians within the district; and

(3) a listing of district goals for the education of American Indians in the district.

(b) The plan must be developed in conjunction with the American Indian subcommittee of the curriculum advisory committee established under section 126.67. The plan must meet the criteria adopted by the state board of education for plans for the education of American Indian students.

Sec. 33. Minnesota Statutes 1986, section 136D.27, is amended to read:

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

Each year the joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools; certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts,

issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 34. Minnesota Statutes 1986, section 136D.71, is amended to read:

**136D.71 [LISTED DISTRICTS MAY FORM INTERMEDIATE DISTRICT.]**

Notwithstanding any other law to the contrary, two or more of the independent school districts numbered 12 and 16 of Anoka county, independent school districts numbered 621, 622, 623, and 624 of Ramsey County, and independent school districts numbered 832, 833, and 834 of Washington County, are hereby authorized to enter into an agreement to establish a special intermediate school district upon majority vote of the full membership of each of the boards of the districts entering into the agreement. When such resolution has been adopted by the board of one of the districts, it shall be published once in a newspaper of general circulation in said district. If a petition for referendum on the question of said district entering into such agreement is filed with the clerk of the said board within 60 days after publication of such resolution, signed by the qualified voters of said district equal to five percent of the number of voters at the last annual school election. No board shall enter into such agreement until the question of whether the district shall enter into the agreement has been submitted to the voters of said district at a special election. Said election shall be conducted and canvassed in accordance with section 123.32.

If a majority of the total number of votes cast on the question within said district is in favor of the question, the board of said school district may thereupon proceed to enter into an agreement to establish the special intermediate school district for purposes herein described. Such school district so created shall be known as north-eastern metropolitan intermediate school district, state of Minnesota. The commissioner of education shall assign an appropriate identification number as provided by section 122.03.

Sec. 35. Minnesota Statutes 1986, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] Each year the intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in section ~~275.125, subdivision 13, clause (2).~~ Additional tax levies may be certified which that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for

special education and  $\bar{5}$  .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.

Sec. 36. Minnesota Statutes 1986, section 136D.87, is amended to read:

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

~~Each year the joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and  $\bar{5}$  .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.~~

Sec. 37. Minnesota Statutes 1986, section 275.125, subdivision 8c, is amended to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] ~~Each year, a district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount that may not exceed 70 percent of salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10 and 124.574, subdivision 2b plus 65 percent of salaries paid to essential personnel in that district minus the amount of state aid~~

and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.273, subdivision 1b for the year to which the levy is attributable. for special education programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 22, subdivision 1g, from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 22, subdivision 1f;

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

(2) the equalizing factor for the school year to which the levy is attributable.

For purposes of this subdivision, a special education cooperative or an intermediate school district each year shall allocate an amount equal to 70 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10 and 124.574, subdivision 2b, plus 65 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under section 124.273, subdivision 1b for the year to each of the difference between its maximum revenue according to section 22, subdivision 1f, and its basic aid according to section 22, subdivision 1g, for the year to which the levy is attributable among the member districts and other districts using the special education services of the cooperative or the intermediate district. The member districts may make a levy in the amount of the costs allocated to them by the cooperative or intermediate district.

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

tricts in computing the districts' special education levy limitations pursuant to this section.

Sec. 38. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8d. [SPECIAL EDUCATION SUMMER PROGRAM LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916 and 917, may levy for special education summer programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 22, subdivision 10b, from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 22, subdivision 10a.

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

(2) the equalizing factor for the school year to which the levy is attributable.

For purposes of this section, a special education cooperative or an intermediate district shall allocate an amount equal to the difference between its maximum revenue according to section 22, subdivision 10a, and its basic aid according to section 22, subdivision 10b, for the year to which the levy is attributable among its member districts or other districts using the summer program service of the cooperative or intermediate district.

Special education cooperatives and intermediate school districts shall provide information to the state department of education on the amounts allocated to the participating districts.

The state department of education shall include the amounts allocated to the participating districts in computing the districts' special education summer program levy limitations pursuant to this section.

Sec. 39. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8e. [LIMITED ENGLISH PROFICIENCY LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916

and 917, may levy for limited English proficiency programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 19 from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 18.

(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

(2) the equalizing factor for the school year to which the levy is attributable.

For purposes of this section, a special education cooperative or an intermediate district shall allocate an amount equal to the difference between its maximum revenue according to section 18 and its basic aid according to section 19 for the year to which the levy is attributable among its member districts or other districts using the limited English proficiency services of the cooperative or intermediate district.

Special education cooperatives and intermediate school districts shall provide information to the state department of education on the amounts allocated to the participating districts.

The state department of education shall include the amounts allocated to the participating districts in computing the districts' limited English proficiency program levy limitations pursuant to this section.

Sec. 40. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8f. [SECONDARY VOCATIONAL HANDICAPPED LEVY.] Each year, a district, excluding intermediate school district Nos. 287, 916 and 917, may levy for secondary vocational education for handicapped children programs an amount equal to the result of the following computation:

(a) Subtract the amount of the district's basic aid for the year to which the levy is attributable according to section 27 from the amount of the district's maximum revenue for the year to which the levy is attributable according to section 26.



(b) Multiply the result in clause (a) by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year before the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

(2) the equalizing factor for the school year to which the levy is attributable.

For purposes of this section, a special education cooperative or an intermediate district shall allocate an amount equal to the difference between its maximum revenue according to section 26 and its basic aid according to section 27 for the year to which the levy is attributable among its member districts or other districts using the secondary vocational handicapped program of the cooperative or intermediate district.

Special education cooperatives and intermediate school districts shall provide information to the state department of education on the amounts allocated to the participating districts.

The state department of education shall include the amounts allocated to the participating districts in computing the districts' special education summer program levy limitations pursuant to this section.

#### Sec. 41. [SPECIAL EDUCATION LEVY ADJUSTMENTS.]

The department shall make adjustments to the 1986 payable 1987 levies authorized under Minnesota Statutes 1986, section 275.125, subdivision 8c in accordance with the changes made in this article.

#### Sec. 42. [APPROPRIATIONS.]

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

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

\$146,782,800.....1988,

\$138,802,700.....1989.

The appropriation for 1988 includes \$21,847,100 for aid for fiscal year 1987 payable in fiscal year 1988, and \$124,935,700 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$22,422,700 for aid for fiscal year 1988 payable in fiscal year 1989 and \$116,380,000 for aid for fiscal year 1989 payable in fiscal year 1989.

\$8,377,400 of the appropriation for 1988 and \$8,361,000 of the appropriation for 1989 are for programs for children below age five.

The appropriations are based on aid entitlements of \$147,358,400 for fiscal year 1988 and \$137,292,800 for fiscal year 1989.

\$8,562,200 in the fiscal year 1988 entitlement and \$8,643,100 in the fiscal year 1989 entitlement are for programs for children below age five.

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

\$5,056,400.....1988,

\$5,262,100.....1989.

The appropriation for 1988 is for 1987 summer school programs.

The appropriation for 1989 is for 1988 summer school programs.

Subd. 4. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services for handicapped children under age five and their families there is appropriated:

\$251,600.....1988,

\$265,900.....1989.

The appropriation for 1988 includes \$35,100 for aid for fiscal year 1987 payable in 1988 and \$216,500 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$38,100 for fiscal year 1988 payable in fiscal year 1989 and \$227,800 for fiscal year 1989.

The appropriation is based on aid entitlements of \$254,600 for fiscal year 1988 and \$268,000 for fiscal year 1989.

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

\$1,462,900.....1988,

\$1,498,200.....1989.

Subd. 6. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency pursuant to section 124.273 there is appropriated:

\$2,859,700.....1988,

\$2,852,300.....1989.

The appropriation for 1988 includes \$430,700 for aid for fiscal year 1987 payable in fiscal year 1988 and \$2,429,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$428,600 for aid for fiscal year 1988 payable in fiscal year 1989 and \$2,423,700 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$2,857,600 for fiscal year 1988 and \$2,851,300 for fiscal year 1989.

Subd. 7. [INDIAN SCHOLARSHIPS.] For Indian scholarships awarded under section 124.48, there is appropriated:

\$1,581,800.....1988,

\$1,581,800.....1989.

Subd. 8. [INDIAN POST-SECONDARY PREPARATION GRANTS.] For Indian post-secondary preparation grants made to districts under section 124.481, there is appropriated:

\$781,400.....1988,

\$781,400.....1989.

Subd. 9. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.] For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision I, there is appropriated:

\$588,400.....1988,

\$588,300.....1989.

The appropriation for 1988 includes \$88,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$500,100 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$88,200 for aid for fiscal year 1988 payable in fiscal year 1989 and \$500,100 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$588,300 for fiscal year 1988 and \$588,300 for fiscal year 1989.

Subd. 10. [INDIAN EDUCATION.] For certain Indian education programs there is appropriated:

\$174,800.....1988,

\$174,800.....1989.

The appropriation for aid for fiscal year 1988 includes \$26,200 for aid for fiscal year 1987 payable in fiscal year 1988 and \$148,600 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$26,200 for aid for fiscal year 1988 payable in fiscal year 1989 and \$148,600 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$174,800 for fiscal year 1988 and \$174,800 for fiscal year 1989.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner shall not approve the payment of any amount to a school district pursuant to this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for each of fiscal years 1988 and 1989: \$54,848 to independent school district No. 309-Pine Point School; \$9,685 to independent school district No. 166; \$14,949 to independent school district No. 432; \$14,053 to independent school district No. 435; \$42,163 to independent school district No. 707; and \$39,057 to independent school district No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

These appropriations are available only if there will not be available for the districts enumerated in this subdivision for the applicable school year any operation support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, Public Law Number 73-167 or title 25, Code of Federal Regulations, part 273.31, or equivalent money from the same or another source.

Before a district can receive moneys pursuant to this subdivision, the district must submit to the commissioner of education evidence that it has:

(a) complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917. For each school year, compliance with Minnesota Statutes, section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district pursuant to this subdivision and one budget which does not include these moneys. The budget of that school district for the 1989-1990 school year prepared according to Minnesota Statutes, section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1988-1989 budgets and shall not include any moneys appropriated in this subdivision;

(b) conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, sections 120.03 and 120.17; Public Law Number 94-142, the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(c) compiled accurate daily pupil attendance records.

Prior to approving payment of any amount to a school district pursuant to this subdivision, the commissioner shall review and evaluate each affected district's compliance with clauses (a), (b), and (c), and any other applicable laws, and each affected district's need for the moneys. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Subd. 11. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid pursuant to Minnesota Statutes, section 124.573, there is appropriated:

\$19,549,500.....1988,

\$18,652,500.....1989.

The appropriation for 1988 includes \$2,972,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$16,577,200 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$2,925,300 for aid for fiscal year 1988 payable in fiscal year 1989, \$15,727,200 for aid for fiscal year 1989 payable in fiscal year 1989.

The department may also use up to \$41,600 of the appropriation for 1988 and up to \$36,600 of the appropriation for 1989 for secondary vocational student organizations.

The appropriations are based on aid entitlements of \$19,502,500 for fiscal year 1988 and \$18,502,600 for fiscal year 1989.

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

Subd. 12. [SECONDARY VOCATIONAL HANDICAPPED.] For aid for secondary vocational education for handicapped pupils according to section 124.574, there is appropriated:

\$4,052,600.....1988,

\$4,373,500.....1989.

The appropriation for 1988 includes \$543,500 for aid for fiscal year 1987 payable in fiscal year 1988 and \$3,509,100 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$619,200 for aid for fiscal year 1988 payable in fiscal year 1989 and \$3,754,300 for aid for 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$4,128,300 for fiscal year 1988 and \$4,416,800 for fiscal year 1989.

Subd. 13. [OFFICE ON TRANSITION SERVICES.] For the inter-agency office on transition services under section 120.183, there is appropriated:

\$77,000.....1988,

\$77,000.....1989.

Subd. 14. [PRORATION.] Except as provided in Minnesota Statutes, section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to Minnesota Statutes, section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated

among all qualifying districts and the state shall not be obligated for any additional amount for these purposes.

Sec. 43. [REPEALER.]

Minnesota Statutes 1986, sections 120.17, subdivision 13 and 124.273, subdivision 2b, are repealed.

Sec. 44. [APPLICATION, NO LOCAL APPROVAL.]

Subdivision 1. [DISTRICT NO. 916.] Sections 34 and 35 apply to intermediate school district No. 916 and are effective without local approval under Minnesota Statutes, section 645.023.

Subd. 2. [DISTRICT NO. 917.] Section 36 applies to intermediate district No. 917 and is effective without local approval under Minnesota Statutes, section 645.023.

## ARTICLE 4

### COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1986, section 121.87, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT; MEMBERSHIP.] The state board of education ~~may~~ shall appoint a community education advisory task force for the purpose of promoting the furtherance of sections 121.85 to 121.88, and the advancement of educational, recreational and social opportunity through the maximum utilization of public ~~school~~ facilities and community resources throughout the state of Minnesota. ~~If appointed,~~ The task force shall include at least one member from each congressional district and members who represent government and professions most closely related to community education and youth development activities.

Sec. 2. Minnesota Statutes 1986, section 121.87, is amended by adding a subdivision to read:

Subd. 1a. [RESPONSIBILITIES.] The community education advisory task force, in consultation with the commissioners of health, human services, and jobs and training or their designees, shall:

(1) develop a statewide plan to promote a coordinated interagency approach to addressing the needs and developing the resources of youth, from birth to age 21, at both the state and local level through programs such as positive youth development partnerships, youth in

community service programs, and interagency programs for providing services to at-risk young children and youth;

(2) make recommendations to the state board of education and other appropriate entities on means for improving coordination of efforts by various state and local agencies and programs in addressing the needs of and opportunities for youth; and

(3) develop model plans for an interagency approach by local advisory councils.

Sec. 3. Minnesota Statutes 1986, section 121.88, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for an advisory council to consist of members who represent: various service organizations; churches; ~~private public and nonpublic~~ schools; local government including elected officials; ~~public and private non-profit agencies serving youth and families; parents; youth;~~ park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Sec. 4. Minnesota Statutes 1986, section 121.88, is amended by adding a subdivision to read:

Subd. 8. [YOUTH DEVELOPMENT PLANS.] A district or group of districts, in consultation with the advisory councils established under subdivision 2, may submit a youth development plan to the state board of education. The plans must include at least the following:

(1) commitment by local agencies and service providers to participate in a coordinated effort to provide existing and new services to youth, from birth to age 21;

(2) plans for using existing resources and available services more effectively;

(3) identification of necessary services and programs that could be provided with a coordinated interagency approach including programs for at-risk youth and for youth employment and service to the community;

(4) description of plans for coordinating services and programs, including use of available funds;



(5) commitment to developing a partnership among home, school, and community focused on issues relating to the positive development of youth; and

(6) description of evaluation plans.

Any district or group of districts that submits a youth development plan to the state board of education and makes a community levy is eligible for additional community education aid under section 6, beginning in the 1988-1989 school year.

Sec. 5. [122.884] [PARENT ADVISORY TASK FORCE.]

Subdivision 1. [APPOINTMENT; MEMBERSHIP.] By August 1, 1987, the state board of education and state board of vocational technical education shall appoint an advisory task force on parent education and parental involvement in the educational development of their children. The membership of the task force must include representatives of parents of school-age children, early childhood family education programs, community education programs, vocational educators, and other appropriate education personnel.

Subd. 2. [RESPONSIBILITIES.] The advisory task force shall make recommendations on means of enhancing the involvement of parents in the educational process of their children, methods of educating parents in the development of their children, and methods of increasing cooperation among the community, elementary and secondary education systems, and secondary post-secondary vocational education systems. The task force shall make its recommendations to the state board of education and state board of vocational technical education, which shall jointly submit a report to the education committees of the legislature by February 1, 1989.

Sec. 6. Minnesota Statutes 1986, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID; 1986, 1987, 1988 AND AFTER.] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid.

For fiscal year 1986, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,000, or

\$5.25 times the population of the district.

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

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

(b) the greater of

\$7,140, or

\$5.35 times the population of the district.

For fiscal year 1988 and each year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,340, or

\$5.50 times the population of the district.

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

(3) In addition to the amount in clause (1), for fiscal year 1989 and each fiscal year thereafter, a district which makes a levy for community education programs under section 275.125, subdivision 8; and submits a youth development plan to the state board of education under section 4 shall receive additional aid in an amount equal to the greater of 50 cents per capita or \$680 per district to be used to implement the youth development plan.

Sec. 7. Minnesota Statutes 1986, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF MAXIMUM REVENUE.] For fiscal year 1986 the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year. For fiscal year 1987 and each year thereafter, the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the prior school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year. For fiscal year 1988 and each year thereafter, the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue derived by multiplying \$84.50 times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Sec. 8. [COORDINATED PLAN FOR YOUTH.]

The commissioner of education shall develop, in consultation with the commissioners of jobs and training and natural resources, a coordinated plan for enhanced youth education, employment, and service opportunities. This plan shall consider the current programming of the Minnesota Conservation Corps, the Minnesota Youth Program, the Summer Youth Employment and Training Program, community and secondary vocational education, and other appropriate programs in designing a coordinated cost-effective model which would enlarge opportunities for youth. The plan should also recommend a model for coordinated funding. The commissioners shall report to the appropriate committees of the legislature by January 1, 1988.

Sec. 9. [APPROPRIATIONS.]

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

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

\$2,500,000.....1988,

\$3,000,000.....1989.

The amount appropriated for fiscal year 1988 includes \$278,000 for aid for fiscal year 1987 payable in fiscal year 1988, and \$2,222,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$392,100 for aid for fiscal year 1988 payable in fiscal year 1989, and \$2,607,900 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$2,614,100 for fiscal year 1988 and \$3,068,100 for fiscal year 1989.

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

\$2,153,100.....1988,

\$4,059,600.....1989.

The amount appropriated for fiscal year 1988 includes \$260,100 for aid for fiscal year 1987 payable in fiscal year 1988, and \$1,893,000 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$334,000 for aid for fiscal year 1988 payable in fiscal year 1989, and \$3,725,600 for aid for fiscal year 1989 payable in fiscal year 1989.

\$884,000 of the appropriation for fiscal year 1989 is for aid according to section 124.271, subdivision 2b, clause (3).

The appropriations are based on aid entitlements of \$2,227,000 for fiscal year 1988 and \$4,383,000 for fiscal year 1989.

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

\$7,310,400.....1988,

\$8,186,500.....1989.

The appropriation for 1988 includes \$869,900 for aid for fiscal year 1987 payable in fiscal year 1988 and \$6,440,500 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$1,130,900 for aid for fiscal year 1988 payable in fiscal year 1989, and \$7,055,600 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$7,571,400 for fiscal year 1988 and \$8,294,500 for fiscal year 1989.

The department of education may use up to \$31,500 of the appropriation for fiscal year 1988 and up to \$31,500 of the appropriation for fiscal year 1989 to provide technical assistance to districts implementing early childhood family education programs.

Subd. 5. [ADULT HANDICAPPED PROGRAM AID.] For aid for handicapped adult programs according to section 124.271 there is appropriated:

\$450,000.....1988,

\$550,000.....1989.

The appropriations are based on aid entitlements of \$450,000 for fiscal year 1988 and \$550,000 for fiscal year 1989.

Subd. 6. [COMMUNITY EDUCATION ADVISORY TASK FORCE.] To carry out the responsibilities under section 2, there is appropriated:

\$50,000.....1988.

The appropriation shall be available until the end of the biennium.

Subd. 7. [PARENT ADVISORY TASK FORCE.] For the parent advisory task force established under section 5, there is appropriated:

\$50,000.....1988.

The appropriation shall be available until the end of the biennium.

Subd. 8. [HEARING IMPAIRED SUPPORT SERVICES AID.] For payment of support services for hearing impaired persons pursuant to section 121.201, there is appropriated:

\$60,000.....1988,

\$60,000.....1989.

The appropriations are based on aid entitlements of \$60,000 for fiscal year 1988 and \$60,000 for fiscal year 1989.

Subd. 9. [PRORATION.] Except as provided in section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to section

124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any additional amount for these purposes. However, if the appropriations for handicapped adult programs under subdivision 5 are prorated under this subdivision, the school districts shall not be required to reduce their adult handicapped program levy accordingly.

## ARTICLE 5

### MISCELLANEOUS AIDS

Section 1. Minnesota Statutes 1986, section 121.612, subdivision 3, is amended to read:

Subd. 3. [FOUNDATION PROGRAMS.] The foundation shall plan for programs which advance the concept of educational excellence. These may include but are not limited to:

(a) recognition programs and awards for students demonstrating academic excellence;

(b) summer institute programs for students with special talents;

(c) recognition programs for teachers, administrators, and others who contribute to academic excellence;

(d) summer mentorship programs with business and industry for students with special career interests and high academic achievements; and

(e) governor's awards ceremonies to promote academic competition; and

(f) consideration of the establishment of a Minnesota high school academic league.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Sec. 2. Minnesota Statutes 1986, section 121.612, subdivision 5, is amended to read:

Subd. 5. [REPORT.] By February 1, 1984, and February 1, 1985, The board of directors of the foundation shall submit an annual report to the education committees of the legislature on the progress of its activities made pursuant to the provisions of this section.

Sec. 3. Minnesota Statutes 1986, section 121.612, is amended by adding a subdivision to read:

Subd. 6. [FOUNDATION PUBLICATIONS.] The foundation may publish brochures or booklets relating to the purposes of the foundation. The foundation may collect reasonable fees for the publications.

Sec. 4. Minnesota Statutes 1986, section 121.612, is amended by adding a subdivision to read:

Subd. 7. [APPROPRIATION.] There is annually appropriated from the general fund to the Minnesota academic excellence foundation any and all amounts received by the foundation pursuant to section 3.

Sec. 5. [121.613] [ACADEMIC LEAGUE TASK FORCE.]

Subdivision 1. [ESTABLISHED.] By September 1, 1987, the Minnesota academic excellence foundation shall establish an academic league task force to develop a plan for promoting academic excellence through organized challenges requiring both cooperation and competition for public and nonpublic pupils in elementary and secondary schools. The statewide task force shall submit a plan, in consultation with existing programs of academic competition and cooperation, the Minnesota state high school league, and the Minnesota association of secondary school principals, for the establishment of an academic league in Minnesota.

Subd. 2. [COMPOSITION; REPORT.] The foundation shall determine the composition, terms, and compensation of the academic league task force members. The academic league task force shall submit recommendations to the academic excellence foundation which shall make a report to the education committees of the legislature on the task force by January 15, 1989.

Subd. 3. [TASK FORCE RESPONSIBILITIES.] The academic league task force established in this section shall address at least the following issues in submitting its academic league plan to the academic excellence foundation:

- (1) coordination and publicity of existing activities;
- (2) development of new programs for recognition of academic achievement;
- (3) development of interrelationships among various academic programs;
- (4) development of increased use of telecommunications networks;

(5) development of comprehensive schedules to assist coordination among activities;

(6) dissemination of information of past program activity and quality; and

(7) feasibility of using existing education agencies and providers to administer academic league programs.

Subd. 4. [INVOLVEMENT OF VARIOUS GROUPS.] To the extent possible, the academic league task force shall use teachers, administrators, parents, and other participants in developing plans for an academic league.

Sec. 6. Minnesota Statutes 1986, section 121.935, subdivision 6, is amended to read:

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district and the district's proportionate share of outstanding regional debt. In the event a district chooses to use a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district shall be liable for its contracted proportionate share of the outstanding regional debt. The district shall not be liable for any additional outstanding regional debt that occurs after written notice is given to transfer or use an alternative finance system. In no event shall the annual fee of a district participating in a state pilot program of an alternative financial management information system exceed the annual fee chargeable to the district in the absence of the pilot program.

Sec. 7. Minnesota Statutes 1986, section 121.936, subdivision 1, is amended to read:

Subdivision 1. [MANDATORY PARTICIPATION.] (a) Every district shall perform financial accounting and reporting operations on a financial management accounting and reporting system utilizing multidimensional accounts and records defined in accordance with the uniform financial accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.92.

(b) Every school district shall be affiliated with one and only one regional management information center. This affiliation shall include at least the following components:

(1) the center shall provide reports to the department of education for the district to the extent required by the data acquisition calendar;



(2) the district shall process every detailed financial transaction using, at the district's option, either the ESV-IS finance subsystem through the center or an alternative system approved by the state board.

Notwithstanding the foregoing, a district may process and submit its financial data to a region or the state in summary form if it operates an approved alternative system or participates in a state approved pilot test of an alternative system and is reporting directly to the state as of January 1, 1987.

(c) The provisions of this subdivision shall not be construed to prohibit a district from purchasing services other than those described in clause (b) from a center other than the center with which it is affiliated pursuant to clause (b).

Districts operating an approved alternative system or participating in a state approved pilot test of an alternative financial system shall purchase finance system services from any region if the region of affiliation does not offer alternative system support services may transfer their affiliation from one regional management information center to another. At least one year prior to July 1 of the year in which the transfer is to occur, the district shall give written notice to its current region of affiliation of its intent to transfer to another region. The one-year notice requirement may be waived if the two regions mutually agree to the transfer.

Sec. 8. Minnesota Statutes 1986, section 126.56, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL NEED.] Need for financial assistance shall be based on family income, family size, and special necessary expenditures of the family. The higher education coordinating board shall determine review the financial need capability of each pupil based on the actual charges made to meet the actual costs of attending the summer program as determined by the institution sponsoring the summer program and shall award scholarships within the limits of the appropriation for this section. If the amount appropriated is insufficient to make a full award to each applicant, the board shall allocate the amount appropriated in the manner it determines. Scholarships shall not be less than \$100 or more than \$1,000.

Sec. 9. Minnesota Statutes 1986, section 126.56, subdivision 6, is amended to read:

Subd. 6. [INFORMATION.] The higher education coordinating board, in cooperation with the academic excellence foundation, shall assemble and distribute information about scholarships and eligible programs. It may seek nonstate funds to perform its duties, as part of its responsibility for program administration.

Sec. 10. [EDUCATIONAL COMPUTING STUDY; EQUIPMENT LIMITATION.]

The legislative commission on public education shall study issues related to educational computing. The study must evaluate at least the following: Computing services now provided, alternatives to current services, general data processing trends, direct state reporting, and payment of ESV region debts. The commission must report its findings to the education committees of the legislature by January 15, 1988.

After the effective date of this section, a regional management information center established under Minnesota Statutes, section 121.935 must not buy or agree to buy computer or information system equipment.

Sec. 11. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

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

Subd. 2. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units, there is appropriated:

\$748,000.....1988,

\$748,000.....1989.

The amount appropriated for fiscal year 1988 includes \$112,200 for aid for fiscal year 1987 payable in fiscal year 1988, and \$635,800 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$112,200 for aid for fiscal year 1988 payable in fiscal year 1989, and \$635,800 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$748,000 for fiscal year 1988 and \$748,000 for fiscal year 1989.

Subd. 3. [MANAGEMENT INFORMATION CENTERS.] For management information centers according to section 121.935, subdivision 5, there is appropriated:

\$3,583,200.....1988,

\$3,583,200.....1989.

The appropriations are based on aid entitlements of \$3,583,200 for fiscal year 1988 and \$3,583,200 for fiscal year 1989.

Subd. 4. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for fiscal year 1988 and 1989 summer programs according to section 126.56, there is appropriated:

\$213,700.....1988,

\$213,700.....1989.

The appropriations are based on aid entitlements of \$213,700 for fiscal year 1988 and \$213,700 for fiscal year 1989.

Subd. 5. [TEACHER EXTENDED LEAVES.] To meet the state's obligations under sections 354.094 and 354A.091, there is appropriated:

\$196,900.....1988.

The appropriation is based on aid entitlement of \$196,900 for fiscal year 1988.

Subd. 6. [ACADEMIC EXCELLENCE FOUNDATION.] For the academic excellence foundation according to Minnesota Statutes, section 121.612, there is appropriated:

\$125,000.....1988,

\$150,000.....1989.

Up to \$50,000 of the appropriation for fiscal year 1988 and up to \$75,000 of the appropriation for fiscal year 1989 may be used for expenses related to the task force established under section 5.

#### Sec. 12. [APPROPRIATIONS; JOBS AND TRAINING.]

There is appropriated from the general fund to the department of jobs and training the sum of \$32,000 for fiscal year 1988 to pay the obligation of independent school district No. 309, Pine Point, for unemployment compensation.

#### Sec. 13. [EFFECTIVE DATE.]

Sections 8, 9, and 10 are effective the day after their final enactment.

## ARTICLE 6

## OTHER AIDS AND LEVIES TO SCHOOL DISTRICTS

Section 1. Minnesota Statutes 1986, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed \$15.60 per child screened in fiscal year 1985, \$16.15 per child screened in fiscal year 1986 and \$8.15 per child screened in fiscal year 1987 and each year thereafter.

Sec. 2. [123.9362] [NOTICE TO DISTRICTS; PRORATION.]

In the event the appropriation for nonpublic educational aid under sections 123.931 to 123.947 is not sufficient to meet the required payments in any fiscal year, the department of education must notify the school districts at the earliest possible date of the need to prorate the appropriation among the districts.

Sec. 3. Minnesota Statutes 1986, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; reimbursement for transportation to a program of excellence, according to section 126.62, subdivision 6; handicapped adult program aid, according to section 124.271, subdivision 7; arts education aid according to section 124.275; school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; technology demonstration site grants, according to section 129B.36 and; courseware purchase subsidy according to section 129B.38; Indian post-secondary preparation grants according to section 124.481; and desegregation grants according to section 23.

Sec. 4. Minnesota Statutes 1986, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] Each For school year 1987-1988, the state shall pay a school district the difference by which an amount equal to \$130 times the total pupil units in that school year exceeds the amount raised by nine mills times the adjusted assessed valuation used to compute the levy attributable to the same year. For 1988-1989 and later school years, the state shall pay a school district the difference by which an amount equal to \$145

times the total pupil units in that school year is more than the amount raised by two mills times the adjusted assessed valuation used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must levy pursuant to section 275.125, subdivision 11a for use in that year.

Sec. 5. Minnesota Statutes 1986, section 124.245, subdivision 3, is amended to read:

Subd. 3. [HAZARDOUS SUBSTANCE COMPUTATION.] For the 1987-1988 school year, the state shall pay a school district the difference by which an amount equal to \$25 times the total pupil units exceeds the amount raised by two mills times the adjusted assessed valuation used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must levy pursuant to section 275.125, subdivision 11c for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c may be used.

Sec. 6. Minnesota Statutes 1986, section 124.245, is amended by adding a subdivision to read:

Subd. 3a. [HAZARDOUS SUBSTANCE PLAN.] To receive hazardous substance capital expenditure aid for the 1988-1989 school year or thereafter, or to levy under section 275.125, subdivision 11c, a district shall submit to the commissioner of education an application for aid and levy by August 15 in the previous school year. The application shall contain the following:

(a) a plan for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(b) the estimated cost of the plan by fiscal year; and

(c) other information required by the commissioner.

The commissioner may approve applications based on criteria disseminated to school districts by July 15 in the previous school year.

Sec. 7. Minnesota Statutes 1986, section 124.245, is amended by adding a subdivision to read:

Subd. 3b. [HAZARDOUS SUBSTANCE REVENUE AND AID.]

(a) A district's "hazardous substance revenue" equals the approved cost of the hazardous substance plan for the school year to which the levy is attributable, minus the unexpended portion of levies certified by the district in earlier years under section 275.125, subdivision 11c.

(b) A district's "hazardous substance levy limitation" means its levy limitation computed according to section 275.125, subdivision 11c.

(c) A district's "hazardous substance aid" for 1988-1989 and later school years equals:

(i) the difference between its hazardous substance revenue and its hazardous substance levy limitation for the levy for that school year, multiplied by

(ii) the ratio of the amount actually levied to the amount of its hazardous substance by levy limitation.

(d) Aid paid under this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c, may be used.

(e) In the event that the aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Sec. 8. Minnesota Statutes 1986, section 124.246, subdivision 2, is amended to read:

Subd. 2. [AID.] An eligible district shall receive \$1.08 in fiscal years ~~1985, 1986, and 1987, 1988, and 1989~~ for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than \$1,080 in fiscal years ~~1985, 1986, and 1987, 1988, and 1989.~~

Sec. 9. Minnesota Statutes 1986, section 124.247, subdivision 3, is amended to read:

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to \$19 in the 1984-1985 school year, times the number of gifted and talented students in the district. In the 1985-1986 school year and later school years, a district shall receive the greater of \$40 per gifted and talented student or \$500 per

district. No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the money received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 10. Minnesota Statutes 1986, section 124.252, subdivision 3, is amended to read:

Subd. 3. [DISTRICT AID.] An eligible district shall receive ~~52 cents in fiscal year 1986 and 54 cents in fiscal year 1987 and each year thereafter~~ for each pupil, in average daily membership enrolled in a public elementary, secondary, or area vocational technical institute or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No school district shall receive less than ~~\$1,000 in fiscal year 1986 and \$1,040 in fiscal year 1987 and each year thereafter.~~

Sec. 11. Minnesota Statutes 1986, section 124.272, subdivision 1, is amended to read:

Subdivision 1. [LIMITATION.] This section shall not apply to special school district No. 1, independent school districts Nos. 11, and 625, and 709; or to school districts which are members of intermediate school districts Nos. 287, 916, and 917.

Sec. 12. Minnesota Statutes 1986, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] (a) For the ~~1985-1986~~ 1987-1988 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

(b) For the ~~1986-1987~~ 1988-1989 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

Sec. 13. [126.82] [COMPREHENSIVE HEALTH AND WELLNESS PLANNING.]

Subdivision 1. [DEFINITION.] "Comprehensive health and wellness" is defined as:

(1) promotion of a wellness lifestyle, including curriculum on physical fitness, nutritional awareness, stress awareness and man-

agement, and accident prevention and cardiopulmonary resuscitation;

(2) promotion of mental health and positive self-esteem;

(3) family life education;

(4) sexual health and responsibility;

(5) chemical use awareness and chemical abuse prevention;

(6) tobacco use prevention;

(7) development of health-related attitudes early in life to reduce health risk behaviors;

(8) facilitation of wellness and healthy attitudes in school personnel; and

(9) responses to identifiable new and existing health problems such as teenage pregnancy, suicide, child abuse, communicable diseases including acquired immune deficiency syndrome, and chronic diseases.

Subd. 2. [DEPARTMENT ASSISTANCE.] By June 30, 1988, the department of education shall develop and disseminate planning materials and guidelines to assist school districts in developing comprehensive health and wellness programs. The department shall provide technical assistance requested by districts developing comprehensive health and wellness programs.

Subd. 3. [DISTRICT CURRICULUM.] A school district or group of school districts shall develop a comprehensive health and wellness curriculum. The curriculum shall include a kindergarten through 12th grade scope and sequence that shall be coordinated with the total school curriculum. A district may coordinate the development of the health and wellness curriculum with the curriculum review of its health education program.

Subd. 4. [GRANTS.] The commissioner shall establish criteria and application procedures and may make grants to districts to develop comprehensive health and wellness programs. A grant shall not exceed \$2,000 per district. Preference for grants shall be given to districts that coordinate the development of a comprehensive health and wellness program with curriculum review of their health education program.

Sec. 14. Minnesota Statutes 1986, section 275.125, subdivision 6e, is amended to read:



Subd. 6e. [DESEGREGATION LEVY.] Each year any district which is implementing a plan for desegregation mandated by the state board of education or under court order may levy an amount not to exceed ~~one mill~~ two mills times the adjusted assessed valuation of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. A district which levies pursuant to this subdivision may not place the proceeds of the 1983 payable 1984 levy authorized by subdivision 9a, in the general fund. By September 15 of each year, a district that levies under this subdivision must report to the state board of education on the costs of implementing its desegregation plan.

Sec. 15. Minnesota Statutes 1986, section 275.125, subdivision 11a, is amended to read:

Subd. 11a. [CAPITAL EXPENDITURE LEVY.] (a) Each year a school district may levy an amount not to exceed the amount equal to ~~\$130~~ \$145 times the total pupil units in the year to which the levy is attributable. No levy under this clause shall exceed ~~nine two mills~~ times the adjusted assessed valuation of the taxable property in the district for the preceding year.

(b) The proceeds of the levy shall be placed in the district's capital expenditure fund and may be used only:

(1) to acquire land, to equip and reequip buildings and permanent attached fixtures, to rent or lease buildings for school purposes;

(2) to purchase textbooks, to purchase and lease computer systems hardware, software, and related materials to support software;

(3) to purchase or lease photocopy machines and telecommunications equipment;

(4) for capital improvement and repair of school sites, buildings and permanent attached fixtures;

(5) for energy audits on district-owned buildings and for funding those energy conservation and renewable energy measures that the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(6) for the payment of any special assessments levied against the property of the district authorized under section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay

assessments for service charges, such as those described in section 429.101, whether levied under that section or any other law or home rule provision;

(7) for capital expenditures to reduce or eliminate barriers to or increase access to school facilities by handicapped individuals;

(8) to make capital improvements to schoolhouses leased according to section 123.36, subdivision 10;

(9) to pay fees for capital expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors;

(10) to pay principal and interest on loans from the state authorized by sections 116J.37 and 298.292 to 298.298;

(11) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted according to chapter 299F;

(12) for expenditures for the removal of asbestos from school buildings or property, asbestos encapsulation, or asbestos-related repairs;

(13) for expenditures for the cleanup and disposal of polychlorinated biphenyls found in school buildings or property; and

(14) for the cleanup, removal, disposal, and repairs related to storing transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

(c) Subject to the commissioner's approval, the proceeds may also be used to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal for the district's long-term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) Notwithstanding anything in paragraphs (b) and (c) to the contrary, for any year for which the sum of a district's levy under this subdivision and its aid for the same year under section 124.245, subdivision 1, exceeds ~~\$125~~ \$140 times the total pupil units in the same year, the amount by which the sum exceeds ~~\$125~~ \$140 times the total pupil units may be expended only for equipment for

secondary vocational education programs or senior secondary industrial arts programs.

(e) The proceeds of the levy shall not be used for custodial or other maintenance services.

Sec. 16. Minnesota Statutes 1986, section 275.125, subdivision 11c, is amended to read:

Subd. 11c. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE LEVY.] In addition to the levy authorized in subdivisions 11a and 11b, each year a school district may levy an amount not to exceed the amount equal to \$25 times the total pupil units in the year to which the levy is attributable. No levy under this subdivision shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. Each year, a district with a hazardous substance plan approved by the commissioner of education under section 6 may levy an amount equal to the following product:

(a) the district's hazardous substance revenue as defined in section 7 for the year to which the levy is attributable, times

(b) the lesser of one, or the ratio of:

(i) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the total pupil units in the district for the school year to which the levy is attributable, to

(ii) 50 percent of the equalizing factor for the school year to which the levy is attributable.

The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, asbestos related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Sec. 17. Laws 1984, chapter 463, article 6, section 15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] In 1985 and each year thereafter, the newly created district formed by the consolidation of Independent School District No. 694, Buhl, and Independent School District No. 703, Mountain Iron, may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the

newly created district, determined as of June 30, 1985, and certified and adjusted by the commissioner. This levy each year may be an amount not to exceed ~~1.5~~ 4.0 mills times the adjusted assessed valuation of the newly created district for the preceding year as determined by the equalization aid review committee. When the cumulative amount of the levies made pursuant to this subdivision equals the total amount of the certified deficit of the newly created district, the levy shall be discontinued.

Sec. 18. Laws 1986, First Special Session chapter 1, article 5, section 9, is amended to read:

[124.196] [TEMPORARY CHANGE IN PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.]

If the commissioner of finance determines that modifications in the payment schedule are required to avoid state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than ~~September 1, 1986~~ of each fiscal year, and shall remain in effect until no later than ~~May 30, 1987~~ of that same fiscal year. In calculating the payment to a school district pursuant to Minnesota Statutes, section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in the district's four operating funds on ~~June 30, 1986~~ of the preceding fiscal year; minus

(2) the product of \$150 times the number of actual pupil units in the ~~1985-1986 school~~ preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year 1986, pursuant to Minnesota Statutes, section 276.11, which is considered revenue for the ~~1986-1987~~ current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on ~~June 30, 1986~~ of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the 1985-1986 school preceding fiscal year. The net cash balance shall include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 7 124.195, subdivision 3a.

Sec. 19. [DESEGREGATION TRANSPORTATION LEVY.]

In addition to the levy authorized in Minnesota Statutes, section 275.125, subdivision 6e, in 1987 any district that is implementing a plan for desegregation mandated by the state board of education may levy for transportation for desegregation an amount equal to the lesser of one mill times the adjusted assessed valuation of the district or its unreimbursed costs for desegregation transportation during the 1986-1987 and 1987-1988 school years. Notwithstanding Minnesota Statutes, section 121.904, the amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing aid adjustments according to Minnesota Statutes, section 124.155.

Sec. 20. [SAINT PAUL DESEGREGATION LEVY.]

In addition to the levies authorized in Minnesota Statutes, section 275.125, subdivision 6e, and in section 19, in 1987 independent school district No. 625, Saint Paul, may levy two mills times the adjusted assessed valuation of the district if it does not receive a federal grant authorized under Title VII of the Education for Economic Security Act, P.L. 98-377. Notwithstanding Minnesota Statutes, section 121.904, the amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing aid adjustments according to Minnesota Statutes, section 124.155.

Sec. 21. [STATE BOARD; DESEGREGATION REPORT.]

By December 15, 1987, the state board of education shall make recommendations regarding the funding of desegregation costs to the governor and the education committees of the legislature.

Sec. 22. [CAPITAL EXPENDITURE WEIGHTING.]

Notwithstanding the provisions of article 1, section 1, for the purposes of calculating a district's capital expenditure aid and levy under Minnesota Statutes, section 124.245, subdivision 1, and 275.125, subdivision 11a, for the 1988-1989 school year, pupils enrolled in secondary schools shall be counted as 1-4/10 pupil units.

Sec. 23. [APPROPRIATIONS.]

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

Subd. 2. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund, there is appropriated:

\$1,615,200.....1988,

\$2,025,100.....1989.

Any unexpended balance of this appropriation for fiscal year 1988 shall not cancel but shall be available for the second year of the biennium.

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

Subd. 3. [PROGRAMS OF EXCELLENCE.] For programs of excellence according to Minnesota Statutes, sections 126.60 to 126.64, there is appropriated:

\$22,500.....1988,

\$22,500.....1989.

Subd. 4. [GIFTED AND TALENTED STUDENTS.] For programs for the gifted and talented according to section 124.247, there is appropriated:

\$1,372,400.....1988,

\$1,374,300.....1989.

The amount appropriated for fiscal year 1988 includes \$205,600 for aid for fiscal year 1987 payable in fiscal year 1988, and \$1,166,800 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$205,900 for aid for fiscal year 1988 payable in fiscal year 1989, and \$1,168,400 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$1,372,700 for fiscal year 1988 and \$1,374,500 for fiscal year 1989.

Subd. 5. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE AID.] For hazardous substance capital expenditure aid pursuant to Minnesota Statutes, section 124.245, there is appropriated:

\$50,500.....1988,

\$58,700.....1989.

The appropriation for fiscal year 1988 includes \$6,700 for aid for fiscal year 1987 payable in fiscal year 1988, and \$43,800 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$7,700 for aid for fiscal year 1988 payable in fiscal year 1989 and \$51,500 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$51,500 for fiscal year 1988 and \$60,000 for fiscal year 1989.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure aid pursuant to Minnesota Statutes, section 124.245, subdivision 1 or 2.

Subd. 6. [CHEMICAL DEPENDENCY AID.] For aid for chemical dependency programs under section 124.246, there is appropriated:

\$1,023,700.....1988,

\$1,025,300.....1989.

The appropriation for fiscal year 1988 includes \$153,000 for aid in fiscal year 1987 payable in fiscal year 1988 and \$870,700 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$153,600 for aid in fiscal year 1988 payable in fiscal year 1989 and \$871,700 for aid in fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$1,024,300 for fiscal year 1989 and \$1,025,400 for fiscal year 1989.

Subd. 7. [HEALTH AND WELLNESS PLANNING.] For grants to districts to develop health and wellness programs under section 13, there is appropriated:

\$100,000.....1988.

Up to \$30,000 may be used by the department of education to provide technical assistance and for administrative costs. The appropriation is available until the end of the biennium.

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

\$8,230,500.....1988,

\$8,869,500.....1989.

The appropriation for 1988 includes \$1,087,100 for aid for fiscal year 1987 payable in fiscal year 1988 and \$7,143,400 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$1,260,500 for aid for fiscal year 1988 payable in fiscal year 1989 and \$7,609,000 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$8,403,900 for fiscal year 1988 and \$8,951,700 for fiscal year 1989.

Subd. 9. [HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS.] For health and developmental screening programs according to sections 123.701 to 123.705, there is appropriated:

\$436,400.....1988,

\$429,300.....1989.

The amount appropriated for fiscal year 1988 includes \$65,800 for aid for fiscal year 1987 payable in fiscal year 1988 and \$370,600 for aid for fiscal year 1988 payable in fiscal year 1988.

The amount appropriated for fiscal year 1989 includes \$65,300 for aid for fiscal year 1988 payable in fiscal year 1989 and \$364,000 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$436,000 for fiscal year 1988 and \$428,200 for fiscal year 1989.

Subd. 14. [SCHOOL LUNCH AND FOOD STORAGE AID.] For school lunch aid pursuant to Minnesota Statutes, section 124.646, and for food storage and transportation costs for USDA donated commodities there is appropriated:

\$4,625,000.....1988,

\$4,625,000.....1989.



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

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

Subd. 10. [ABATEMENT AID.] For abatement aid according to section 124.214, subdivision 2, there is appropriated:

\$6,592,800.....1988,

\$6,592,800.....1989.

The appropriations are based on aid entitlements of \$6,592,800 for fiscal year 1988 and \$6,592,800 for fiscal year 1989.

Subd. 11. [CAPITAL EXPENDITURE AID.] For capital expenditure aid pursuant to Minnesota Statutes, section 124.245, subdivision 1 or 2, there is appropriated:

\$473,600.....1988,

\$53,233,500.....1989.

The appropriation for fiscal year 1988 includes \$45,200 for aid for fiscal year 1987 payable in fiscal year 1988 and \$428,400 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$75,500 for aid for fiscal year 1988 payable in fiscal year 1989 and \$53,158,000 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$503,900 for fiscal year 1988 and \$62,538,800 for fiscal year 1989.

Subd. 12. [INTERDISTRICT COOPERATION AID.] For aid for interdistrict cooperation programs according to Minnesota Statutes, section 124.272, there is appropriated:

\$2,306,000.....1988,

\$2,634,200.....1989.

The appropriation for fiscal year 1988 includes \$265,900 for aid for fiscal year 1987 payable in fiscal year 1988 and \$2,040,100 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for fiscal year 1989 includes \$360,000 for aid for fiscal year 1988 payable in fiscal year 1989 and \$2,274,200 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$2,400,100 for fiscal year 1988 and \$2,675,500 for fiscal year 1989.

Subd. 13. [DESEGREGATION GRANTS.] For grants to districts implementing desegregation plans mandated by the state board:

\$4,000,000 .... 1988.

Of this amount, \$1,950,000 shall be allocated to independent school district No. 625, Saint Paul; \$1,350,000 to special school district No. 1, Minneapolis; and \$700,000 to independent school district No. 709, Duluth.

Subd. 14. [PRORATION.] Except as provided in Minnesota Statutes, section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to Minnesota Statutes, section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any additional amount for these purposes.

Sec. 24. [APPROPRIATION; TOBACCO USE PREVENTION.]

There is appropriated from the public health fund to the department of education the sums indicated for tobacco use prevention programs according to section 124.252:

\$633,000.....1988,

\$659,600.....1989.

Sec. 25. [REPEALER.]

Minnesota Statutes 1986, sections 124.275, 129B.17, 129B.20, and 129B.21, are repealed.

Sec. 26. [EFFECTIVE DATE.]

Section 2 is effective for educational aids for nonpublic pupils attributable to the 1987-1988 school year and after.

## Sec. 27. [LOCAL APPROVAL.]

Under Minnesota Statutes, section 645.023, subdivision 1, clause (a), section 17 is effective without local approval unless the voters of independent school district No. 712, Mountain Iron-Buhl, request a referendum on approval of section 17.

The voters may request a referendum by filing a petition with the school board of independent school district No. 712. The petition must state the text of section 17 and indicate that those who sign the petition are residents of independent school district No. 712 and are at least 18 years of age. The petition must be signed by a number of persons equal to at least ten percent of the number of persons who cast votes for school board members at the last regular election in school district No. 712.

## ARTICLE 7

## MISCELLANEOUS

Section 1. Minnesota Statutes 1986, section 118.12, is amended to read:

## 118.12 [INVESTMENT OF TOWN AND SCHOOL DISTRICT FUNDS.]

When the town board of any town or the school board of any school district in this state, by a unanimous resolution, deem it advisable, such town board or school board may invest such amount of funds in such town or school treasury as will not, in the opinion of such board, be needed by such town or school district during the fiscal year, in any of the bonds of any county, city, town, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, and North and South Dakota, or in bonds of the United States of America, or in the bonds of any city, county, town, school district, drainage or other district created pursuant to law for public purposes in the United States, containing at least 3,500 inhabitants, provided that the total bonded indebtedness of any such municipality or district shall not exceed ten percent of its assessed valuation.

Sec. 2. Minnesota Statutes 1986, section 118.13, is amended to read:

## 118.13 [DEPOSIT OF SECURITIES.]

Any town board or school district board investing such surplus funds in such authorized securities as provided in section 118.12 shall deposit such securities for safekeeping with the county trea-

sure of the county wherein such town or school district is located or with any bank maintaining a safekeeping department. Such county treasurer or bank shall give a receipt for each and all of such securities to the town board or school district board, as the case may be, and such county treasurer or bank shall keep such securities for safekeeping until such time as such town board or school district board shall adopt a resolution requesting the county treasurer or bank to turn such securities or any of them over to the treasurer of such town or school district.

Sec. 3. Minnesota Statutes 1986, section 118.14, is amended to read:

**118.14 [EXCLUSION OF INVESTED FUNDS FROM BOND COVERAGE.]**

The funds invested in such securities and deposited by the town board or school board, as provided in section 118.13, shall not be included within the amount of money for which the town treasurer or school treasurer is required by law to give a bond to the town or school district.

Sec. 4. Minnesota Statutes 1986, section 120.0752, is amended by adding a subdivision to read:

Subd. 3. [11TH AND 12TH GRADE STUDENTS.] Notwithstanding subdivision 2, an eleventh or twelfth grade pupil who has been enrolled in a district for at least three consecutive years and whose parent or guardian moves to another district, may continue to enroll in the nonresident district upon the approval of the school board of the nonresident district. The approval of the school board of the pupil's resident district is not required. The pupil shall be considered a resident of the district in which that student is enrolled.

Sec. 5. Minnesota Statutes 1986, section 122.541, subdivision 2, is amended to read:

Subd. 2. A district entering into an agreement permitted in subdivision 1 shall:

(1) Continue to count its resident pupils who are educated in a cooperating district as resident pupils in the calculation of pupil units for all purposes, including the calculation of state aids and levy limitations. Notwithstanding section 124.18, subdivision 2, an agreement permitted by subdivision 1 shall provide for the tuition payments the cooperating districts determine are necessary and equitable to compensate each district for the instruction of nonresident pupils; and

(2) Continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, ~~124.222~~ and 124.223, and 124.225. This clause shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with a district which has entered the agreement. For purposes of aid calculations pursuant to section ~~124.222~~ 124.225, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from an agreement which provides for a district to discontinue at least one grade.

Sec. 6. [123.3515] [VOLUNTARY K-12 PILOT CHOICE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A voluntary K-12 pilot choice program in which any district may participate is established. A parent or guardian of a pupil may apply under this section to enroll the pupil in a participating district in which the pupil is not a resident. The pupil shall be considered a resident pupil for participating in the curricular offerings of that district. A pupil may participate in extracurricular or cocurricular activities as determined by the authority having jurisdiction over the activity.

Subd. 2. [APPROVAL.] The pupil's parent or guardian must receive the approval of the school board of the nonresident district except as provided in subdivision 5. A school district is not required to accept students under this section. The application and approval must be on a form provided by the department of education. The form must contain relevant demographic data and must allow the parent, guardian, or pupil to indicate a preference for which school or program to attend within the district.

Subd. 2a. [DISTRICT PARTICIPATION.] A district that wishes to provide pupils and parents increased opportunities by allowing resident pupils to enroll in a school in another district or by allowing nonresident pupils to enroll in a school in the district under this section shall, by formal board resolution, agree to all procedures of this section and inform the commissioner of its agreement by September 1, one full year before the beginning of the program, except for the 1987-1988 school year when districts shall inform the commissioner of its agreement by July 1, 1987.

A district shall notify the commissioner each year by September 1 as to whether or not it will participate in the program in the next year.

Subd. 3. [EQUITABLE ACCESS.] A district which accepts students under this section may deny an application for enrollment only because of lack of space in the district or within a program in the district or because to accept the application puts the district out

of compliance with a desegregation plan that complies with state board rules.

A district that chooses to accept nonresident pupils under this section must accept the pupils based on the same criteria as are applied to resident pupils except that a district may restrict the schools and programs that are available to nonresident pupils. However, once accepted to a school or program, the nonresident pupil must be afforded equal access to the curricular offerings of that school or program.

If a denial is exercised because of lack of space in the district or within a program within the district, all timely applications must be equitably considered. A denial must be rationally related to equitable entrance criteria established by the school board or may be by lot. A denial required because of a desegregation plan must comply with subdivision 5.

Subd. 4. [PROCEDURE.] Except as provided in subdivision 5, a parent or guardian who wants to enroll a pupil in a nonresident district shall apply to the nonresident district by December 1 each year for the next school year except for 1987-1988 when parents or guardians shall apply by August 1, 1987, for the 1987-1988 school year. The application must be made on a form indicated in subdivision 2. The superintendent of the nonresident school district shall forward a copy of the application to the pupil's resident school district within ten days. The superintendent of the nonresident district shall notify the parent or guardian and the superintendent of the resident district by the following February 1 of the decision on the application on the form provided in subdivision 2 except for 1987-1988 when parents or guardians shall be notified by August 10, 1987. The parents or guardians of the pupil shall notify the nonresident district within ten days whether or not they intend to accept. A district may accept a nonresident pupil after March 1 under section 120.0752. If a pupil is dismissed, under sections 127.26 to 127.39, from the school of choice, the pupil must not reenroll in the district of residence until the matter is resolved.

Subd. 5. [RACIAL BALANCE.] A parent or guardian of a pupil wishing to transfer under this section into or out of a district having a desegregation plan shall apply, on the form described in subdivision 2, to the district having the desegregation plan by November 1 of each year for the next school year except for 1987-1988 when parents or guardians shall apply by August 1, 1987, for the 1987-1988 school year. If the requested transfers under this subdivision, in and out of a district having a desegregation plan will mean that the district is not complying with state board rules on desegregation, the district shall set the number of majority and minority group students who may transfer in or out under this subdivision so that the district or any school within the district will not be out of compliance with the state board rules because of this subdivision.

The selection of individual pupils to transfer in or out must be made by the district based on equitable criteria developed by the school board, or may be made by lot. In either case, the notice of selection or denial must be sent out to the applicants by November 20 on the form provided in subdivision 2 except for 1987-1988 when notice shall be sent by August 10, 1987. If selected, the parent or guardian may proceed under subdivision 2.

Subd. 6. [CREDITS; GRADUATION.] A pupil, qualifying to graduate, who has attended school in a nonresident district shall graduate from the district last attended before graduation. A district shall count credit granted by another school district toward a pupil's graduation requirements.

Subd. 7. [INFORMATION.] A district that chooses to accept nonresident pupils is encouraged to make information about the district available to parents, guardians, and children.

The available information may include information about district offerings and student achievement. Other information may be made available that may help the parents, guardians, and children make an informed decision about enrolling in the district. The department shall provide technical assistance to school districts and to parents to aid in assuring that informed choices will be made.

Subd. 8. [AID.] Payment of foundation aid for pupils attending schools in a nonresident district under this section must be made according to section 13.

Sec. 7. Minnesota Statutes 1986, section 123.36, subdivision 13, is amended to read:

Subd. 13. [PROCEEDS OF SALE OR EXCHANGE.] Proceeds of the sale or exchange of school buildings or real property of the school district shall be used as provided in this subdivision.

(1) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(2) After satisfying the requirements of clause (1), a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, and for funding those energy conservation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F;

(d) (a) for expenditures for the removal of asbestos from school buildings or property or for asbestos encapsulation, if the method for asbestos removal or encapsulation is approved by the department of education;

(e) (b) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department of education;

(f) (c) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings, other than as provided in clauses (b), (e), and (d) clause (a); or

(g) (d) to replace the building or property sold.

The amount of the proceeds used for the purposes specified in clauses (a), and (b), (e), (d), and (e) shall be deducted from the levy limitation computed for the levy authorized in section 275.125, subdivisions 11b and subdivision 11c, as applicable, in the first year after the deposit and from levy limitations computed for this levy in succeeding years until the entire amount is deducted.

(3) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of clauses (1) and (2), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by clause (1), shall be deposited in the debt retirement fund.

(4) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of clauses (1), (2), and (3), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.



(5) Notwithstanding clauses (2) and (3), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

(6) Every district which sells or exchanges a building or property shall report to the commissioner in the form and at the time the commissioner prescribes on the disposition of the proceeds of the sale or exchange.

Sec. 8. Minnesota Statutes 1986, section 123.39, is amended by adding a subdivision to read:

Subd. 5b. [CERTAIN NONRESIDENTS.] The district of enrollment shall provide transportation within that district for a pupil enrolled there under section 6, and the state shall pay transportation aid under section 124.225 to the providing district. A district is not required to provide or pay for transportation between a pupil's residence and the border of the district of enrollment of a pupil enrolled under section 6.

A parent or guardian of a pupil enrolled under section 6 may apply to the district of enrollment for reimbursement for transporting the pupil between the pupil's residence and the border of the district of enrollment. The state board shall make rules to pay districts for reimbursing the parent or guardian for the transportation based on the parent's or guardian's means. The one-way mileage limit for reimbursement is 30 miles.

Sec. 9. Minnesota Statutes 1986, section 123.58, subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the state board of education and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to shall consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts

and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the state board of education as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board of education and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts and nonpublic school administrative units within the ECSU and the state board of education by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 10. Minnesota Statutes 1986, section 123.58, subdivision 8a, is amended to read:

Subd. 8a. [TECHNICAL ASSISTANCE.] Insofar as possible, educational cooperative service units shall make technical assistance for long-range planning available to school districts upon request and shall establish a common data base for local and regional decision making. Upon request of a district, the educational cooperative service units shall assist a district in establishing a continuum of services as described under section 126.66, subdivision 1.

Sec. 11. [123.951] [SCHOOL SITE MANAGEMENT AGREEMENT.]

A school board and school site management team may enter into an agreement relating to the governance, management, and control of an elementary, middle, secondary, or post-secondary school site in the district. The initial school site management team shall be appointed by the school board and shall include the building principal, representatives of teachers and other employees in the school, representatives of parents of students in the school, representatives of other members of the community, representatives of students, and others determined appropriate by the board. The permanent school site management team shall consist of representatives elected by each group represented on the site management team, including teachers, parents, students, other members of the staff, the principal, and members of the community. There shall be no limit on the powers of the school board or school district which may be delegated to the school site management team. If so authorized in the agreement, the school site management team shall have the power to exercise the delegated powers in the attendance area of the school site as though it were the school board of a school district. Any powers not specifically delegated shall remain with the school board. The agreement may include but shall not be limited to the following:

(1) necessary training for all the parties to implement a school site management plan;

(2) means by which necessary team-building and collegial decision-making can occur;

(3) composition, terms, and methods of selection and removal of successor members of the school site management team;

(4) general and specific powers delegated to the school site management team and definition of the school site attendance area;

(5) procedures for interaction between the school board and the school site management team;

(6) methods to ensure parental and community involvement in the decision-making process at the school site level;

(7) reporting of required information to the state and federal governments;

(8) methods for evaluation of the school site management option and reports to the school board and attendance area residents regarding the same;

(9) establishment of planning, evaluating, and reporting, and community advisory committees and task forces to give input to the governance of the school site;

(10) membership in educational organizations;

(11) methods and procedures for interaction with the adult and post-secondary vocational governance structure if the school site is an AVTI;

(12) allocation of operating fund revenues;

(13) allocation of nonoperating fund revenues;

(14) authority to receive gifts, donations, and bequests from public and private sources and to apply for, receive, and expend grant funds;

(15) issues related to staff, students, calendar, curriculum, student assessment, texts, materials, facilities, supplies, transportation, food service, equipment, and finances;

(16) authority to bid for goods, services, labor, and group or other insurance, and authority to contract with other governmental units;

(17) provision of transportation and food service;

(18) provision of community education and community use of facilities;

(19) establishment of personnel, educational, and operational policies for the school site;

(20) suspension, expulsion, and discipline of students;

(21) conduct of various educational programs; provisions for services for special education, special needs, minority, disadvantaged, and at-risk students;

(22) provision of athletic and extracurricular activities;

(23) authority relating to administration of school records and governmental data;

(24) liability and insurance issues, including limitation of liability to the school site attendance area;

(25) length of the agreement, method for termination, nonrenewal and renewal, and notice and hearing requirements;

(26) continuing obligations after termination of agreement and division of assets and liabilities; and

(27) any other items determined appropriate by and agreeable to the parties.

Sec. 12. Minnesota Statutes 1986, section 124.05, subdivision 1, is amended to read:

Subdivision 1. At the annual organizational meeting in independent districts and at the annual district meeting in common districts or at other times if necessary, The board district shall designate one or more national or state banks as official depositories for district money, and thereupon shall require the treasurer to deposit all or part of the district money in such bank or banks. Such designation shall be in writing and set forth all the terms and conditions upon which the deposits are made; signed by the chair and clerk, and made a part of the minutes of the board. Thereupon such bank or banks shall become legal depositories for district money in the manner specified in section 118.005, subdivision 1. If the board shall refuse refuses or fail fails to designate one or more depositories in accordance with this subdivision, the treasurer shall deposit the funds of the district in accordance with the provisions of section 118.005, subdivision 2, and shall file a statement of the selection of the depository with the clerk of the district. The treasurer shall not thereafter be liable for the loss of any funds through the insolvency or default of such depository in the absence of negligence on the treasurer's part in the selection of the depository.

Sec. 13. Minnesota Statutes 1986, section 124A.036, is amended by adding a subdivision to read:

Subd. 5. [CERTAIN NONRESIDENTS.] The foundation aid for districts must be adjusted for pupils attending nonresident districts

under section 6. The adjustments must be made under this subdivision.

(a) The foundation aid paid to the district of residence must be reduced by an amount equal to the formula allowance plus the total tier revenue per actual pupil unit of the resident district times the number of pupil units of pupils attending another district under section 6.

(b) The foundation aid paid to the district that a pupil attends under section 6 shall be increased by an amount equal to the formula allowance plus the total tier revenue per actual pupil unit of that district times the number of pupil units of pupils attending school in the district under section 6.

(c) If the amount of the reduction to be made from the foundation aid of the district of residence is greater than the amount of foundation aid otherwise due the district, the excess reduction must be made from other state aids due the district.

Sec. 14. Minnesota Statutes 1986, section 125.611, subdivision 10, is amended to read:

Subd. 10. [PAYMENT ARRANGEMENT.] The early retirement incentive shall be paid by the employing school district at the time and in the manner mutually agreed upon by a teacher and the board. ~~The state shall pay the district 50 percent of the authorized early retirement incentive grant on or before the September 1 immediately following the commissioner's approval of the teacher's application. For those applications which were approved prior to July 1, 1981, the state shall pay the districts any remaining state obligation on those grants by September 1, 1981. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.~~

Sec. 15. Minnesota Statutes 1986, section 125.611, subdivision 11, is amended to read:

Subd. 11. Notwithstanding the provisions of ~~subdivisions~~ subdivision 2, 3 and 7, a teacher who has entered into an agreement for termination of services and withdrawal from active teaching service with an early retirement incentive may be employed as a substitute teacher after retirement.

Sec. 16. Minnesota Statutes 1986, section 125.611, subdivision 12, is amended to read:

Subd. 12. Any amount of unemployment insurance which the teacher receives and for which the district is required to pay into the unemployment compensation fund pursuant to section 268.06, sub-

division 25, at any time after the teacher has entered into an agreement pursuant to subdivision 7, may be deducted by the district from the amount of the teacher's early retirement incentive or recovered by the district from the teacher up to the amount of the early retirement incentive. The district shall pay 50 percent of any amount so deducted or recovered to the department of education, and any amount so received by the department shall be deposited in the state treasury.

Sec. 17. Minnesota Statutes 1986, section 125.611, subdivision 13, is amended to read:

Subd. 13. [APPLICATIONS AFTER JUNE 30, 1984.] ~~The state shall not reimburse the district for any portion of an early retirement incentive for any applications submitted after June 30, 1984.~~ Beginning on July 1, 1984, a teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract for termination of services, withdrawal from active teaching service, and payment of an early retirement incentive. This application shall be submitted on or before February 1 of the school year at the end of which the teacher wishes to retire. A school board shall approve or deny the application within 30 days after it is received by the board. The amount of the early retirement incentive shall be agreed upon between the teacher and the school board. The early retirement incentive shall be paid by the employing district at the time and in the manner mutually agreed upon by a teacher and the board.

Sec. 18. Minnesota Statutes 1986, section 126.02, subdivision 2, is amended to read:

Subd. 2. [~~TRAINING OF TEACHERS~~ TEACHER EDUCATION PROGRAMS.] All colleges, schools, and other educational post-secondary institutions giving offering teacher training education programs shall provide courses in physical and health education, training, and instruction and. Every pupil attending any college, school, or educational institution in preparation for teaching service student in a teacher education program shall take such health courses.

Sec. 19. [126.22] [HIGH SCHOOL GRADUATION INCENTIVES PROGRAM.]

Subdivision 1. [PURPOSE.] The legislature finds that it is critical for persons to obtain at least a high school education to function in today's society. Therefore, the purpose of this section is to provide incentives for and encourage all Minnesota students who have experienced or are experiencing difficulty in the traditional education system to enroll in alternative programs in order to complete their high school education.

Subd. 2. [ELIGIBLE STUDENTS.] The following students are eligible to participate in the high school graduation incentives program:

(a) any person between 16 and 21 years of age who has not attended a high school program for at least one month, excluding those months when school is not in session, and who is at least two grade levels below the performance level for students of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or has been assessed as chemically dependent;

(b) any student who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for students of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or who is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any student who is between the ages of 12 and 16 and who:

(1) is at least two grade levels below the performance level for students of the same age in a locally determined achievement test; or

(2) is at least one year behind in obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been absent from attendance at school without lawful excuse for one or more class periods on more than 15 days in the preceding or current school year.

Subd. 3. [ELIGIBLE PROGRAMS.] Students who are eligible to participate under subdivision 2 may enroll in the following programs:

(a) Any program approved by the state board of education under Minnesota Rules, part 3500.3500 or pursuant to section 121.11, subdivision 12, may enroll students who are eligible to participate under subdivision 2, clauses (a), (b), or (c) of this section;

(b) Students eligible to participate under subdivision 2, clause (a) of this section may enroll in post-secondary courses under section 123.3514;



(c) Any public secondary education program may enroll any student who is eligible to participate under subdivision 2, clause (b) or (c);

(d) An American Indian school that is nonsectarian, controlled by American Indians, is accredited or is a candidate for accreditation by north central accrediting association, has been in existence for at least three consecutive school years, and serves pupils who are members of or qualified for membership in one or more federally-recognized Indian tribes, may enroll American Indian students who are eligible to participate under subdivision 2, clauses (a), (b), or (c); and

(e) A tribal contract school that is operated by a tribal government and that receives aid through a financial assistance contract with the Bureau of Indian Affairs, may enroll American Indian students who are eligible to participate under subdivision 2, clauses (a), (b), or (c).

Subd. 4. [STUDENT ENROLLMENT.] Any eligible student under subdivision 2 may apply to enroll in an eligible program under subdivision 3, using the form specified in section 120.0752, subdivision 2. Notwithstanding section 120.0752, approval of the resident district is not required for an eligible student under subdivision 2 to enroll in a nonresident district which has an eligible program under subdivision 3. A student enrolling in a program in a nonresident district under this section shall be considered a resident of that district.

Subd. 5. [DISSEMINATION OF INFORMATION.] A school district shall disseminate information, developed by the department of education, about the high school graduation incentives program to residents in the district who are under the age of 21.

Subd. 6. [REPORT.] By January 1, 1989, the commissioner shall report to the education committees of the legislature on the implementation of programs under this section.

Subd. 7. [DESEGREGATION PLANS.] Notwithstanding any provision to the contrary, students may not enroll in a nonresident district under this section if their enrollment in another school district would result in a violation of a district's desegregation plan, as mandated and approved by the state board of education.

Sec. 20. [126.23] [FOUNDATION AID; ALTERNATIVE PROGRAMS.]

If a pupil enrolls in an alternative program that has contracted with a school district to provide educational services for high school dropouts or other eligible students under section 19, subdivision 2, the resident district must reimburse the alternative program an

amount equal to at least 50 percent of the formula allowance plus the total tier revenue attributable to that pupil.

Sec. 21. Minnesota Statutes 1986, section 126.66, subdivision 1, is amended to read:

Subdivision 1. The school board of each school district in the state shall adopt a written planning, ~~evaluation~~ evaluating, and reporting policy which establishes instructional goals and measurable learner objectives for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and identify annual instructional goals and measurable learner objectives to be addressed during the current school year. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is ~~encouraged to~~ shall consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts. In addition, the districts are encouraged to establish a continuum of services beginning with early childhood programs and continuing through services for school-aged children and youth, and for adult literacy programs. Local planning for continuum of services should address at least the following:

(1) availability of early childhood family education programs;

(2) feasibility of:

(a) providing services for learners with debilitating or chronic health problems, or severe stress and depression;

(b) establishing a functional definition of learners at-risk of school failure;

(c) establishing identification and assessment procedures for learners at-risk;

(d) providing services for adolescent parents;

(e) coordinating these services with the chemical dependency programs under section 124.246; and

(f) other services for learners at-risk; and

(3) means of developing working relationships with the parents and community.

Sec. 22. Minnesota Statutes 1986, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10, 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 4, paragraph (c), clause (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, 124A.14, subdivision 5a, and 124A.20, subdivision 2, 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 sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.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, 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 subdivisions 11a, 11c, 12, and 12a, and the community service levy authorized by subdivision subdivisions 8 and 8b, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision subdivisions 11a, 11c, 12, and 12a, and for community services pursuant to subdivision subdivisions 8 and 8b. 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; 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 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 county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 23. [ASSESSMENT AND EVALUATION OF THE PILOT PROGRAM.]

The department of education shall design and conduct appropriate assessment and evaluation of the voluntary K-12 pilot choice program under section 6. Participating districts and districts not participating in the pilot must be matched and included in the assessment and evaluation.

A report on the assessment and evaluation of the voluntary K-12 pilot choice program must be made to the legislature by February 1, 1990.

Sec. 24. [INDEPENDENT SCHOOL DISTRICT NO. 625, ST. PAUL; DISPOSAL OF SCHOOL PROPERTY.]

Prior to August 1, 1989, independent school district No. 625, St. Paul, may not convey any interest in real property or improvements thereon if such property meets the standard for neighborhood open space in the plan for parks and recreation adopted by the St. Paul city council on March 21, 1985, and as amended, unless contemporaneous consent is given by the St. Paul city council.

## Sec. 25. [REVISOR'S INSTRUCTION.]

In sections 121.904, 121.912, 121.914, 121.917, 122.531, 123.71, 124.225, 124A.08, 136C.28, and 136C.69, the Revisor of Statutes shall change, in the next edition of Minnesota Statutes, the phrases in column A to the phrases in column B.

Column AColumn BReserved Fund Balances

<u>Appropriated for AVTI Equipment</u>	<u>Reserved for AVTI Equipment</u>
<u>Appropriated for AVTI Repair</u>	<u>Reserved for AVTI Repair</u>
<u>and Betterment</u>	<u>and Betterment</u>
<u>Appropriated for Unemployment</u>	<u>Reserved for Unemployment</u>
<u>Insurance</u>	<u>Insurance</u>
<u>Appropriated for Severance Pay</u>	<u>Reserved for Severance Pay</u>
<u>Appropriated for Bus Purchases</u>	<u>Reserved for Bus Purchases</u>
<u>Appropriated for Statutory</u>	<u>Reserved for Statutory</u>
<u>Operating Debt Reduction</u>	<u>Operating Debt Reduction</u>
<u>Appropriated for Maintenance</u>	<u>Reserved for Maintenance</u>
<u>Levy Reduction</u>	<u>Levy Reduction</u>
<u>Appropriated for Current Use of</u>	<u>Reserved for Current Use of</u>
<u>Taconite Payments</u>	<u>Taconite Payments</u>
<u>Appropriated for Encumbrances</u>	<u>Reserved for Encumbrances</u>

Unreserved Fund Balances

<u>Appropriated for Building</u>	<u>Designated for Building</u>
<u>Construction</u>	<u>Construction</u>
<u>Unappropriated Statutory</u>	<u>Undesignated Statutory</u>
<u>Operating Debt as of</u>	<u>Operating Debt as of</u>
<u>June 30, 1977</u>	<u>June 30, 1977</u>
<u>Unappropriated from July 1,</u>	<u>Undesignated from July 1,</u>
<u>1977</u>	<u>1977</u>
<u>Unappropriated</u>	<u>Undesignated</u>

## Sec. 26. [REPEALER.]

Minnesota Statutes 1986, sections 124.05, subdivision 2, 124.185 and 125.611, subdivisions 8 and 9 are repealed.

## Sec. 27. [EFFECTIVE DATE.]

Sections 6 and 13 are effective for public school students beginning in the 1987-1988 school year.

## ARTICLE 8

EDUCATIONAL IMPROVEMENT  
AND TECHNOLOGY

Section 1. Minnesota Statutes 1986, section 121.609, subdivision 4, is amended to read:

Subd. 4. [REGIONAL SERVICES.] The department of education shall contract with educational cooperative service units or other regional educational service agencies to provide assistance to the school districts in an educational cooperative service unit region in implementing educational effectiveness. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. If more than one agency submits a proposal to provide services to school districts within an educational cooperative service unit region, the department shall encourage the agencies to develop a joint proposal. Every two years, the department shall evaluate the performance of the regional service providers and shall consider new proposals to provide regional services.

Sec. 2. [123.59] [EDUCATION DISTRICTS.]

Subdivision 1. [PURPOSE.] The purpose of an education district is to increase options for learning and access to educational opportunities by facilitating cooperation and coordination among school districts and between school districts and post-secondary institutions.

Subd. 2. [CRITERIA.] An education district may be formed by a group of school districts that, at the time of formation, is a group of at least five districts having at least 10,000 pupils in average daily membership or a group of at least ten districts or a group of districts having at least 7,500 square miles and, in any case, has an agreement to cooperatively provide educational services.

Subd. 3. [EDUCATION DISTRICT BOARD.] Based on needs of member districts, an education district board shall coordinate the programs and services of the education district. The board shall consist of one representative appointed by the school board of each district forming the education district, except that the boards of the districts forming the education district may designate a board already established under section 123.33, 123.351, 123.51, 123.58, chapter 136D, or section 471.59 to be the education district board. The board shall select its officers from among its members and shall specify the terms of officers.

Subd. 4. [JOINDER AND WITHDRAWAL.] A process for additional districts to join the education district and for districts to withdraw from the education district shall be determined at the time of the education district formation.

Subd. 5. [DUTIES AND POWERS OF THE EDUCATION DISTRICT BOARD.] (a) The education district board shall develop and implement a plan as specified in subdivision 7 for delivering educational services needed in the education district.

(b) The board may employ personnel as necessary to provide and support the programs and services of the education district. The board may discharge personnel according to provisions of law applicable to independent school districts. Education district staff shall participate in retirement programs and may participate in any other programs available to school district staff.

(c) The board may enter into contracts with school districts and other public and private agencies to provide services needed in the education district.

(d) The board may provide a procedure for institutions other than a school district to join the education district.

(e) The board shall be governed, unless otherwise provided, by laws applicable to independent school districts.

(f) The board shall submit a report each year about the activities of the education district to member districts on a date agreed to by the districts and by October 1 to the state board of education.

(g) The board is encouraged to publish and make available information about education district programs to the residents of an education district.

Subd. 6. [ADVISORY COUNCIL.] An advisory council, consisting of representatives from the program areas covered by the education district plan, shall be appointed by the education district board.

Subd. 7. [EDUCATION DISTRICT PLAN.] An education district board shall develop a comprehensive plan for continuous learning. The plan must address methods to improve the educational opportunities available in the education district.

The plan must be approved by all member districts and be submitted for review to all educational cooperative service units serving the area in which the school districts forming the education district are located. After review by the ECSU, the plan must be submitted to the state board of education for its review and comment. The education district board shall review the plan annually and make appropriate changes.

Subd. 8. [MANDATORY PLAN COMPONENTS.] The education district plan must provide for the following:

(1) coordination of member district and education district programs for handicapped pupils, gifted and talented pupils, at risk pupils, secondary vocational education, improved learning, community education, early childhood family education, career education and low incidence academic programs;

(2) research, planning, and development functions, including acquiring and disseminating research information, developing methods to implement research, such as educational effectiveness programs and improving education based on educational research; and

(3) methods to meet needs for pupil health services, library services for professional staff and counseling services for students.

Subd. 9. [OPTIONAL PLAN COMPONENTS.] The education district plan may also include but not be limited to the following:

(1) methods for secondary pupils to enroll in courses in other school districts and in post-secondary institutions;

(2) methods for sharing administrative support and management services;

(3) professional development programs, including implementation of excellence in teaching and curriculum programs according to sections 126.70 to 126.72;

(4) programs that use learning time available during the summer;

(5) use of technology to deliver education programs and provide management assistance; or

(6) methods for involving parents in planning education programs.

Subd. 10. [ATTENDANCE IN OTHER DISTRICTS.] An education district board may, with the approval of all of the member districts, provide for a pupil who is a resident of a member district to attend programs or courses offered by another district that is a member of the education district. A pupil and parent shall consult with a career teacher, counselor, or principal about attending the nonresident district. The board may develop procedures for reimbursement of the cost of providing instruction to a nonresident pupil or the board may follow section 124.18, subdivision 2. The resident district shall count its resident pupils attending programs or courses in another district for the purpose of state aid and levy limitations. A resident or nonresident district may provide transportation for pupils attending programs or courses in another district.

Subd. 11. [ATTENDANCE AT POST-SECONDARY INSTITUTIONS.] An education district board may, with the approval of all of the member districts, provide for a secondary pupil who is a resident of a member district to enroll in courses offered by or in conjunction with post-secondary institutions. A pupil and parent shall consult with a career teacher, counselor, or principal about attending



post-secondary courses. Credit shall be determined according to sections 123.3512 and 123.3513. Reimbursement for instruction offered by the post-secondary institution may be determined according to an agreement between the post-secondary institution and the education district board. A resident or nonresident district may provide transportation for a pupil enrolled in a course offered by a post-secondary institution. This subdivision does not prevent a pupil from attending a post-secondary institution under section 123.3514.

Subd. 12. [FILLING TEACHING POSITIONS.] When an education district board or a school board of a district that is a member of the education district is filling a position resulting from implementation of the education district plan, the board may offer the position, as an exchange teacher according to section 125.13, to any teacher who is currently employed by a district that is a member of an education district. If the position is not filled by a teacher who is currently employed in a member district, the board shall offer the position to an available teacher, in the order of seniority on a combined seniority list of all available teachers in districts that are members of the education district. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher" means a teacher in a district that is a member of the education district who (1) was placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan not more than one year before the formation of the education district by a district that is a member of the education district, (2) was placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan by a district that is a member of the education district, (3) has been notified of being placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan by a district that is a member of an education district, or (4) is placed on unrequested leave of absence according to section 125.12 or whose services were terminated under section 125.17 as a result of the implementation of the education district plan by a district that is a member of the education district in the same school year that the position is filled. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Subd. 13. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] If requested, educational cooperative service units shall provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the comprehensive plan for learning. The educational cooperative service units may provide any other services requested by the education district.

Subd. 14. [REPORT TO LEGISLATURE.] By January 15 of each year, the state board of education shall report to the education

committees of the legislature about the education districts that are established and the programs offered. The report due January 15, 1989, shall include recommendations for resolving inequities in teacher salaries and other compensation, revenues and tax bases between the school districts which are members of an education district.

Sec. 3. Minnesota Statutes 1986, section 125.03, subdivision 5, is amended to read:

Subd. 5. "Teachers" for the purpose of examination means persons applying for initial teaching licenses or persons applying for additional fields of licensure to provide direct instruction to pupils in prekindergarten, elementary, secondary, and special education programs. It does not mean persons applying for licenses as supervisory or support personnel nor does it mean librarians, school social workers, school psychologists, audio-visual directors or coordinators, or media generalists or supervisors.

Sec. 4. Minnesota Statutes 1986, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] The authority to license teachers as defined in section 125.03, subdivision 1, is vested in the board of teaching except that the authority to license supervisory and support personnel as defined in section 125.03, subdivision 4, is vested in the state board of education. Licenses shall be issued to such persons as the board of teaching or the state board of education finds to be competent for their respective positions. For teachers, as defined in section 125.03, subdivision 5, competency includes successful completion of an examination of ~~academic knowledge in each field of licensure and, for persons applying for initial licenses, an examination of skills in reading, writing, and mathematics for a person applying for initial licenses.~~ Qualifications of teachers and other professional employees except supervisory and support personnel shall be determined by the board of teaching under the rules which it promulgates. Licenses under the jurisdiction of the board of teaching shall be issued through the licensing section of the department of education. Licenses under the jurisdiction of the state board of education shall be issued through the licensing section of the department of education.

Sec. 5. Minnesota Statutes 1986, section 126.81, subdivision 2, is amended to read:

Subd. 2. [GRANTS FOR EXEMPLARY TEACHER EDUCATION PROGRAMS.] The board of teaching shall award at least three grants to public post-secondary institutions to develop exemplary teacher education programs. The majority of grants shall be awarded for programs that are conducted jointly by an approved teacher education institution and one or more school districts.

Sec. 6. Minnesota Statutes 1986, section 125.185, subdivision 4, is amended to read:

Subd. 4. The board shall adopt rules to license public school teachers and interns subject to chapter 14. The board shall adopt rules for examination of teachers, as defined in section 125.03, subdivision 5. The rules may allow for completion of the examination of skills in reading, writing, and mathematics before entering or during a teacher education program. The board shall adopt rules to approve teacher education programs. The board of teaching shall provide the leadership and shall adopt rules by October 1, 1988, for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teaching education program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

These rules shall ~~encourage~~ require teacher educators to obtain periodic ~~classroom elementary or secondary~~ teaching experience. The board shall also grant licenses to interns and to candidates for initial licenses and. The board shall design and implement an assessment system which requires candidates for initial licensure and first continuing licensure to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels. The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses. The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. Notwithstanding any law or rule to the contrary, the board shall not establish any expiration date for application for life licenses. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of education and the state board of vocational technical education.

Sec. 7. [125.20] [TEACHER EDUCATION CURRICULUM.]

Subdivision 1. [PURPOSE.] The legislature recognizes that revision of teacher education curricula is best conducted by faculty at teacher education institutions. It also recognizes that any revision is a substantial task beyond regularly assigned faculty duties. The purpose of this section is to support the work of curriculum revision.

Subd. 2. [ACTIVITIES.] The board of teaching shall provide leadership in developing curriculum conferences and other activities in at least six regions of the state, for teacher educators and their school partners, to assist in revising teacher education programs to meet the objectives for teacher education curriculum described in section 125.185, subdivision 4.

Sec. 8. [125.21] [RESEARCH ON PROGRAM EFFECTIVENESS.]

Subdivision 1. [PURPOSE.] The legislature recognizes a growing and substantial concern about the effectiveness and breadth of the existing undergraduate curriculum for teacher education students. It also recognizes the absence of definitive research about the most effective curricula to adequately prepare teachers for entrance into the teaching profession. The purpose of this section is to support research on the comparative effectiveness of different teacher education program structures, after new programs have been designed and implemented, and the first graduates are in service.

Subd. 2. [RESPONSIBILITY.] By July 1, 1989, the board of teaching shall begin to evaluate the effectiveness of pre-baccalaureate, post-baccalaureate, and other alternative program structures for preparing candidates for entrance into the teaching profession. The evaluation shall be conducted by independent research centers or evaluators who are not associated with a Minnesota teacher education institution and shall be longitudinal in nature. By July 1, 1990, the board of teaching shall make a preliminary report on the effectiveness of alternative program structures to the education and finance committees of the legislature.

Sec. 9. [125.22] [LOCAL PROFESSIONAL DEVELOPMENT PROGRAMS.]

Subdivision 1. [DEVELOPMENT OF PLAN.] A school board, in consultation with a professional development advisory committee established under subdivision 2, shall develop and adopt a written professional development plan. The school district shall review its plan annually and make revisions as necessary.

Subd. 2. [ADVISORY COMMITTEE.] A school board which develops a professional development plan and applies for aid under this section must establish a local professional development advisory committee. The advisory committee must be composed of a majority of teachers representing various grade levels and subject areas and must also include representation of parents and administrators.

Subd. 3. [ELIGIBILITY FOR REVENUE.] Upon approval of the professional development plan by the commissioner, the district is eligible to receive additional revenue equal to \$10 times its actual pupil units for the current school year in the third tier of the foundation program under section 124A.10.

Subd. 4. [CONTENTS OF THE PLAN.] A school district, in its professional development plan, must identify:

(1) a planning team that includes a variety of staff who serve different ages of students and parents of different age group students;

(2) short-term and long-term staff development needs;

(3) goals to be achieved, the means for achieving the goals, and how the professional development efforts will affect student learning;

(4) professional development plans that give attention to school site decision making, research-based consideration of learning styles, opportunities for practice, and learners at risk;

(5) methods to expand the professional work calendar for the school year to incorporate additional in-service days;

(6) methods to ensure that all personnel who serve learners with unique needs will be included in the program; and

(7) procedures for evaluating progress toward the goals.

Subd. 5. [TECHNICAL ASSISTANCE.] The department of education shall assist districts with information about professional development, research, assessment, planning, implementation, and evaluation of staff development processes and plans.

Subd. 6. [USES OF LOCAL PROFESSIONAL DEVELOPMENT REVENUE.] School districts may use local professional development revenue for any of the purposes designated in:

(1) excellence in teaching and curriculum under sections 126.70 to 126.72;

(2) the Minnesota improved learning and principal-teacher, counselor-teacher, and career teacher act under sections 129B.42 to 129B.47;

(3) programs validated at the technology demonstration sites under section 129B.36;

(4) the coordinated model for educational improvement developed by the department of education; and

(5) any other local professional development programs approved by the commissioner.

Subd. 7. [APPROVAL OF PLAN.] The commissioner shall approve or disapprove a plan within 60 days of receiving the plan submitted

by a district. A plan that is disapproved may be revised and resubmitted for approval.

Sec. 10. [125.23] [TEACHER ASSISTANCE THROUGH MENTORSHIP PROGRAM.]

Subdivision 1. [TEACHER MENTORING PROGRAM.] School districts are encouraged to participate in a competitive grant program that explores the potential of various teacher mentoring programs.

Subd. 2. [TEACHER MENTORING TASK FORCE.] The commissioner shall appoint a teacher mentoring task force including representatives of the two teachers unions, the two principals organizations, school boards association, administrators association, board of teaching, parent teacher association, post-secondary institutions, foundations, and the private sector. Representation on the task force by minority populations shall reflect the proportion of minorities in the public schools.

The task force shall:

(1) make recommendations for a system of incentives at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession;

(2) determine ways in which teachers can be empowered through expanding to new and more professional roles; and

(3) develop the application forms, criteria, and procedures for the mentorship program.

Subd. 3. [APPLICATIONS.] The commissioner of education shall make application forms available by October 1, 1987. By December 1, 1987, a school district, a group of school districts, or a coalition of districts, teachers and teacher education institutions may apply for a teacher mentorship program grant. By January 1, 1988, the commissioner, in consultation with the teacher mentoring task force, shall approve or disapprove the applications. To the extent possible, the approved applications must reflect a variety of mentorship program models, include a variety of coalitions and be geographically distributed throughout the state. The commissioner of education shall encourage the selected sites to consider the use of the assessment procedures developed by the board of teaching.

Subd. 4. [CRITERIA FOR SELECTION.] At a minimum, applicants must express commitment to:

(1) allow staff participation;

- (2) assess skills of both beginning and mentor teachers;
- (3) provide appropriate in-service to needs identified in the assessment;
- (4) provide leadership to the effort;
- (5) cooperate with higher education institutions;
- (6) provide facilities and other resources; and
- (7) share findings, materials, and techniques with other school districts.

Subd. 5. [ADDITIONAL FUNDING.] Applicants are required to seek additional funding and assistance from sources such as school districts, post-secondary institutions, foundations, and the private sector.

Subd. 6. [REPORT TO THE LEGISLATURE.] By January 1, 1988, the commissioner of education shall report to the legislature on the teacher mentoring task force recommendations for a system of incentives at the state and local level to assure that highly capable individuals are attracted to and retained in the teaching profession.

By January 1 of 1989 and 1990, the commissioner of education shall report to the legislature on the design, development, implementation, and evaluation of the mentorship program.

Sec. 11. [125.24] [ADMINISTRATORS ACADEMY.]

Subdivision 1. [SERVICES.] An administrators academy is established. The academy shall provide at least the following services:

- (1) an administrator assessment that results in an individual professional development plan;
- (2) research and development assistance that provides current research and data of interest to administrators; and
- (3) brokerage assistance to provide services and resources to help administrators with needs identified in their individual professional development plan.

Subd. 2. [GOVERNANCE.] The commissioner of education shall appoint a 17 member committee to govern the administrators academy. Eight members must be from among administrators who are receiving or have received the services of the academy. In addition, a representative of each of the following organizations:

Minnesota department of education, Minnesota association of school administrators, Minnesota elementary school principals, Minnesota secondary school principals, University of Minnesota, state university system, and a representative from the private colleges must be appointed by the organization each represents. Parents and teachers shall also have representation on the governing board.

Subd. 3. [REPORT TO THE LEGISLATURE.] The department of education shall report to the legislature by January 1, 1989, on the services provided by the administrators academy.

Sec. 12. Minnesota Statutes 1986, section 126.65, is amended to read:

126.65 [FINDINGS.]

The legislature finds that a process for curriculum evaluation and planning is needed for continued improvement of the educational program for all public school children in the state, and to allow for better evaluation of educational programs by local communities. The legislature further finds that such a process is needed to facilitate decisions by school boards and communities as to concerning education curriculum planning and evaluation for curriculum improvement and deciding which services can best be provided by the public schools and which services can or should be provided by other institutions such as the family, the private sector or other public agencies in addition to the public education programs. The legislature further finds that efficient use of educational resources is needed with regard to educational technology and interdistrict cooperation.

Sec. 13. Minnesota Statutes 1986, section 126.66, subdivision 1, is amended to read:

Subdivision 1. The school board of each school district in the state shall adopt a written planning, ~~evaluation~~ evaluating, and reporting policy which establishes instructional goals ~~and~~, a curriculum review cycle, measurable learner objectives for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and identify annual instructional goals and measurable learner objectives to be addressed during the current school year. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is encouraged to shall consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.



Sec. 14. Minnesota Statutes 1986, section 126.66, is amended by adding a subdivision to read:

Subd. 1a. [MODEL STATE CORE CURRICULUM.] The department of education, in cooperation with the state curriculum advisory committee, shall develop a process for the development of a model state core curriculum consisting of a limited number of critical learner outcomes for each subject area. The process and outcomes must be approved by the state board of education.

The model state core curriculum must be research based and is intended to constitute only a portion of each district's total curriculum in each subject area. The model core curriculum must include higher levels of thinking and learning. The board shall adopt an implementation, review and improvement cycle by which strengths and weaknesses are assessed through sample measurement of student learning, and improvement plans are developed and implemented.

The department in cooperation with the state curriculum advisory committee shall develop standard procedures for planning, evaluating, and reporting processes in local districts.

Sec. 15. Minnesota Statutes 1986, section 126.66, is amended by adding a subdivision to read:

Subd. 3a. [SCHOOL TEAMS.] Each school in every district shall establish a team to develop and implement a school improvement plan based upon identified needs in curriculum and instruction. The team would be representative of parents, teachers, administrators, professional support staff, and other community persons. The team would advise the local board and the local advisory committee in the development of an instructional improvement plan that provides for the alignment of the curriculum, assessment of student progress, and instruction.

Sec. 16. Minnesota Statutes 1986, section 126.66, subdivision 6, is amended to read:

Subd. 6. [REPORT.] By ~~September~~ October 1 of each year, the school board shall adopt a report which shall include the following:

(a) annual instructional goals which were addressed for that year in the planning, evaluation, and reporting process;

(b) appropriate evaluation of the annual instructional goals;

(c) the results of the professional staff evaluation including local assessment data obtained pursuant to section 126.67, subdivision 2, and any additional appropriate test data;

- (d) the results of the consumer evaluation;
- (e) the annual school district improvement plans; and
- (f) a plan for implementing an assurance of mastery program the standard reporting procedures as developed by the department of education and the state curriculum advisory committee.

Every other year the report shall include an evaluation of the assessment programs pursuant to subdivision 7 and a report on the assurance of mastery program.

The school board shall disseminate the report to all residents of the district by publication in the local newspaper with the largest circulation in the district, by newsletter, or through the United States postal service. The report shall be on file and available for inspection by the public. A copy of the report which is disseminated to the community shall be sent to the commissioner of education by September 1 of each year. The school board shall provide a copy of the commissioner's response to the report to the curriculum advisory committee. All activities and reports pursuant to this section shall comply with chapter 13, and any other law governing data on individuals in school districts.

Sec. 17. Minnesota Statutes 1986, section 126.67, subdivision 1, is amended to read:

Subdivision 1. [TECHNICAL ASSISTANCE.] ~~Insofar as possible,~~ The department of education and educational cooperative service units shall make technical assistance for planning and evaluation available to school districts. The department shall collect the annual evaluation reports from districts as provided in section 126.66, subdivision 5, and shall make these data available upon request to any district seeking to use it for comparisons of pupil performance. If requested, the department of education shall provide technical assistance to a district developing assurance of mastery programs, achievement testing programs, competency testing programs, or other methods of measuring group or individual pupil progress.

Sec. 18. Minnesota Statutes 1986, section 126.67, subdivision 1a, is amended to read:

Subd. 1a. [STATE CURRICULUM ADVISORY COMMITTEE; LEGISLATIVE REPORT.] The commissioner shall appoint an 11-member state curriculum advisory committee to advise the state board and the department on the planning, evaluation, and reporting process. The committee shall consist of nine members, one appointed from each educational cooperative service unit, and two at-large members. The committee shall include representation from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past

member of a school district curriculum advisory committee. The committee shall provide information and recommendations on at least the following:

- (1) department procedures for approving reports and disseminating information;
- (2) exemplary planning, evaluation, and reporting processes; and
- (3) recommendations for improving the planning, evaluation, and reporting process; and
- (4) the development of a process for the identification and implementation of critical learner outcomes.

By ~~January~~ February 1 of each year, the commissioner, in consultation with the state curriculum advisory committee, shall prepare a report for the education committees of the legislature on the planning, evaluation, and reporting program, which shall include the recommendations of the state curriculum advisory committee.

Sec. 19. Minnesota Statutes 1986, section 126.67, subdivision 2a, is amended to read:

Subd. 2a. [DISTRICT ASSESSMENTS.] As part of the planning, evaluation, and reporting process, each year a district shall, in at least three grades, conduct assessments among at least a sample of pupils ~~in two curriculum areas. One curriculum area shall be communication, mathematics, science, or social studies. The second area shall be selected by the district for each subject area in that year of the curriculum review cycle. The district's curriculum review cycle for communication, mathematics, science and social studies must not extend beyond five years.~~ Assessments may not be conducted in the same curriculum area during two consecutive years. The district may use tests from the assessment item bank, the local assessment option developed by the department, or other tests. As they become available, districts shall use state developed measures to assure state progress toward the state core curriculum. Funding is provided for districts that choose to use the local assessment program or the assessment item bank.

Sec. 20. Minnesota Statutes 1986, section 126.67, subdivision 3a, is amended to read:

Subd. 3a. [ASSURANCE OF MASTERY.] Each school board shall adopt a policy establishing a process to assure individual pupil mastery in communications and mathematics. This process shall include at least the following:

(1) procedures, which may include multiple or separate criteria, for the evaluation and identification of nonspecial education pupils and pupils with limited English proficiency who are not making sufficient progress in the mastery of communications and mathematics;

(2) procedures for implementation in grades kindergarten to 12, ~~beginning in the 1986-1987 school year~~, and requiring evaluation of progress toward mastery at least once during grades K to 3, once during grades 4 to 6, once during grades 7 to 9, and once during grades 10 to 12;

(3) procedures for parent conferences to establish an individualized remediation or modified instruction plan for each pupil who is not making sufficient progress toward mastery of communication or mathematic skills; and

(4) procedures which shall consider and address the special needs of handicapped pupils and pupils with limited English proficiency.

Sec. 21. Minnesota Statutes 1986, section 126.67, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL TESTING.] The department upon written agreement with local school districts may perform additional testing and evaluation of students. The department may collect a reasonable fee not to exceed the actual cost of services. The department also may receive funds from public and private entities outside of the state of Minnesota for products and services provided as a part of the assessment item bank program. Any funds received as a result of item bank usage outside of the state must be exclusively dedicated to the improvement of measurement within Minnesota.

Sec. 22. Minnesota Statutes 1986, section 126.67, subdivision 9, is amended to read:

Subd. 9. [MODEL LEARNER EXPECTATIONS OUTCOMES.] The department shall develop and maintain sets of model learner expectations outcomes. The department shall make the expectations outcomes available for a district, for assistance purposes, to use at the option of the district. The expectations outcomes shall be for pupils in kindergarten to grade 12 in at least the core curriculum areas of communication, mathematics, science, and social studies. The state core curriculum consisting of critical learner outcomes should be developed from these model learner outcomes. The department shall consult with each of the public post-secondary educational systems and with the higher education coordinating board in developing model learner expectations outcomes appropriate for entrance into post-secondary institutions.

Sec. 23. Minnesota Statutes 1986, section 129B.041, subdivision 1, is amended to read:

Subdivision 1. [COPYRIGHT.] Products of projects and programs funded pursuant to sections 129B.01 to 129B.05, including curriculum and instructional materials, computer and telecommunications software, and associated manuals and reports, may be copyrighted by the council department in the name of the state and may be sold. However, the state shall sell the products ~~to all school districts and public agencies in the state~~ at prices that do not exceed the cost of reproduction and distribution. Products sold shall be clearly labeled as products developed pursuant to a grant or loan from the council on quality education.

Sec. 24. Minnesota Statutes 1986, section 129B.041, subdivision 3, is amended to read:

Subd. 3. [REVOLVING FUND.] The education product and loan repayment revolving account is established in the state treasury. ~~Repayment of loans, made according to section 129B.04, subdivision 2, and Sale proceeds up to the cost of reproduction and distribution~~ from the sale of products under this section shall be deposited in this account. All funds in this account are annually appropriated to the department of education and shall be used to reproduce and distribute products of projects and programs funded pursuant to Minnesota Statutes 1986, sections 129B.01 to 129B.05.

Sec. 25. [129B.11] [PROGRAM IMPROVEMENT GRANTS.]

Subdivision 1. [PLANS; GRANT AWARDS.] The state board of education, with the advice of the state curriculum advisory committee and the advisory committee on technology in education for projects involving technology, shall make grants to groups of school districts to implement plans to improve education. The board may award grants to groups of districts which submit plans that include at least the following:

(1) program and curriculum changes which provide more learning opportunities for students;

(2) demonstration of a local commitment to the plan and in the case of plans utilizing technology, local financial support including public and private partnerships;

(3) involvement of school district teaching staff in development of the plan;

(4) demonstration that the plan is consistent with school district goals established under section 126.66; and

(5) the structural criteria established in subdivision 2.

The board may establish additional criteria and shall establish time-lines and the grant application procedure for making grants.

Subd. 2. [ELIGIBILITY.] To be eligible for a grant, a group of districts must meet one of the following criteria:

(1) create a consolidated district according to section 122.23, with the consolidated school district having at least 600 pupils in average daily membership;

(2) establish an education district according to section 2;

(3) form a group of districts that has an agreement under section 122.535 or 122.541 for discontinuing grades when the districts entering the agreement have a total of at least 240 pupils in average daily membership in grades 10, 11, and 12; or

(4) enter into a joint powers agreement for a technology cooperative where the school districts in the cooperative are contiguous but are significant distances apart so that other forms of cooperation are not practical.

Subd. 3. [AMOUNTS.] The board may determine the amount of the grant, but a grant shall not exceed \$250,000 for a group of districts.

Sec. 26. [129B.321] [STATE'S RIGHTS COURSEWARE ADVISORY COMMITTEE.] A state's rights courseware advisory committee is established. The committee shall consist of 15 educators knowledgeable about courseware who shall be appointed by the commissioner of education. To the extent possible, the committee shall be gender and geographically balanced, and representative of schools populations.

Sec. 27. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 8d. [PROGRAM IMPROVEMENT LEVY.] In 1987 and thereafter, a district or a district that is a member of a group of districts that receives a grant under section 25 may levy an amount raised by the lesser of 1.5 mills times the adjusted assessed valuation of the district or an amount that, together with the grant received under section 25 does not exceed the actual cost of implementing the education improvement plan.

Sec. 28. [TECHNOLOGY LEVY.]

In 1987, a district that is a technology demonstration site, that received a technology grant under Laws 1985, First Special Session chapter 12, article 8, section 50, 51, 52, or 53, or that has become a member of one of these technology cooperatives since it has received the technology grants, may levy the lesser of an amount equal to one mill times the adjusted assessed valuation of the district or the unreimbursed cost of the expenses associated with the purchase of equipment and the operation of the site and additional program costs attributable to the site.

Sec. 29. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

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

Subd. 2. [TECHNICAL ASSISTANCE; LOCAL STAFF DEVELOPMENT.] There is appropriated for providing technical assistance for local staff development plans under section 9 and for administrative costs in implementing the mentorship programs under section 10:

\$75,000 ... 1988,

\$75,000 ... 1989.

Subd. 3. [MENTORSHIP PROGRAMS.] There is appropriated for the mentorship programs under section 10:

\$250,000.....1988,

\$250,000.....1989.

Subd. 4. [ADMINISTRATOR'S ACADEMY.] There is appropriated for the administrator's academy under section 11:

\$167,300.....1988,

\$167,300.....1989.

Of the amounts appropriated for fiscal years 1988 and 1989, \$24,000 shall be used each year for the school management assessment center at the University of Minnesota.

Subd. 5. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to sections 121.608 and 121.609, there is appropriated:

\$690,300.....1988,

\$690,300.....1989.

Subd. 6. [AID FOR PLANNING, EVALUATION, AND REPORTING PROCESS.] For aid for the planning, evaluation, and reporting process according to Minnesota Statutes, section 123.7431, there is appropriated:

\$1,014,300.....1988,

\$1,021,800.....1989.

Subd. 7. [STATE PER ASSISTANCE.] For state assistance for planning, evaluating, and reporting, there is appropriated:

\$478,000.....1988,

\$736,000.....1989.

Up to \$45,000 each year shall be used for assisting districts with the assurance of mastery program. Up to \$95,000 each year shall be used to develop and maintain model learner expectations. Up to \$18,000 each year shall be used for the state curriculum advisory committee. Up to \$270,000 each year shall be used for the assessment item bank. Up to \$233,000 of the amount for 1989 shall be used for the local assessment program. Up to \$50,000 of the amount for 1988 and up to \$75,000 of the amount for 1989 may be used by the department for administrative costs.

Subd. 8. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.] For the council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.05, there is appropriated:

\$63,900.....1988.

The appropriation for fiscal year 1988 includes \$63,900 for grants for fiscal year 1987 payable in fiscal year 1988.

Subd. 9. [CURRICULUM AND TECHNOLOGY INTEGRATION.] For curriculum and technology integration services, there is appropriated:

\$1,480,100.....1988,

\$1,340,100.....1989.

Up to \$935,100 each year shall be used for technology services. Up to \$355,000 each year shall be used for courseware integration



centers. Up to \$50,000 each year may be used for disseminating information about technology innovations identified in the technology demonstration sites. Up to \$140,000 of the appropriation for 1988 shall be used to purchase principles of technology courseware.

Subd. 10. [PROGRAM IMPROVEMENT GRANTS.] For the purposes of awarding program improvement grants under section 25, there is appropriated:

\$1,500,000.....1988.

This amount shall be available until the end of the biennium. Up to five percent of this amount may be used for evaluation and administration.

Subd. 11. [CANCELLATION AND PRORATION.] Except as provided in Minnesota Statutes, section 124.14, subdivision 7, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated plus the amount of any transfers made according to Minnesota Statutes, section 124.14, subdivision 7, is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 30. [APPROPRIATIONS; BOARD OF TEACHING.]

Subdivision 1. There is appropriated from the general fund to the board of teaching the sums indicated in this section. Any unexpended balance remaining from the appropriations in this section for 1988 does not cancel and is available for the second year of the biennium.

Subd. 2. [ASSESSMENT OF TEACHER PERFORMANCE.] For the purposes of designing an assessment procedure for the plan required in Laws 1985, First Special Session chapter 12, article 8, section 48, there is appropriated:

\$166,000....1988.

\$166,000....1989.

Subd. 3. [TEACHER EDUCATION CURRICULUM.] For the purposes of section 7, there is appropriated:

\$200,000....1988.

The appropriation shall be available until the end of the biennium.

Subd. 4. [EXEMPLARY TEACHER EDUCATION PROGRAMS.]  
For development of exemplary teacher education programs under  
section 126.81, and dissemination and replication of program mod-  
els:

\$135,000.....1988,

\$135,000.....1989.

Sec. 31. [REPEALER.]

Minnesota Statutes 1986, sections 129B.01, 129B.02, 129B.04,  
129B.041, subdivision 4, 129B.05, 129B.35 and 129B.37 are re-  
pealed.

## ARTICLE 9

### LIBRARIES

Section 1. Minnesota Statutes 1986, section 134.10, is amended to read:

#### 134.10 [BOARD VACANCIES; COMPENSATION.]

The library board president shall report vacancies in the board to the council or the board of county commissioners. The council or board of county commissioners shall fill the vacancies by appointment for the unexpired term. Library board members shall receive no compensation for their services but may be reimbursed for actual and necessary traveling expenses incurred in the discharge of library board duties and activities or a per diem allowance according to section 375.47 in place of the expenses.

#### Sec. 2. [134.341] [COUNTY FINANCIAL SUPPORT.]

In order to ensure the availability of public library service to every person in the state, beginning January 1, 1989, every county shall provide financial support for public library services at no less than minimum amounts as specified in sections 134.33 and 134.34 and shall participate in the designated regional public library system to which it is assigned by the state board of education under section 134.34, subdivision 3. Each county board of commissioners shall appoint at least one county resident to serve as a representative to the regional public library system board and may appoint more than one representative under terms and conditions of the regional public library system contract.

#### Sec. 3. [APPROPRIATION.]

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

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants pursuant to sections 134.32 to 134.35 for the provision of library service there is appropriated:

\$4,899,680.....1988,

\$4,974,800.....1989.

The appropriation for 1988 includes \$671,100 for aid for fiscal year 1987 payable in fiscal year 1988, and \$4,228,580 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$746,220 for aid for fiscal year 1988 payable in fiscal year 1989 and \$4,228,580 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$4,974,800 for fiscal year 1988 and \$4,974,800 for fiscal year 1989.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants pursuant to sections 134.353 and 134.354 to multicounty, multitype library systems there is appropriated:

\$189,800.....1988,

\$189,700.....1989.

The appropriation for 1988 includes \$28,500 for aid for fiscal year 1987 payable in fiscal year 1988 and \$161,300 for aid for fiscal year 1988 payable in fiscal year 1988.

The appropriation for 1989 includes \$28,400 for fiscal year 1988 payable in fiscal year 1989, and \$161,300 for aid for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$189,700 for fiscal year 1988 and \$189,700 for fiscal year 1989.

Subd. 4. [ONLINE COMPUTER-BASED LIBRARY CATALOG SYSTEM.] For the installation of an online computer-based library catalog system in state agency libraries there is appropriated:

\$250,000.....1988.

This sum shall be available until June 30, 1989.

To implement this subdivision, the department of education office of library development and services may increase its complement by .5 position for fiscal years 1988 and 1989 only.

## ARTICLE 10

### DEPARTMENT OF EDUCATION, MINNESOTA RESOURCE CENTER FOR THE ARTS, STATE ACADEMIES FOR THE BLIND AND DEAF

Section 1. [128A.08] [SERVICE, SEMINAR, AND CONFERENCE FEES.]

Subdivision 1. [DEPOSIT; CREDIT.] Fees and rental income, excluding rent for land and living residences, collected by the Minnesota state academy for the deaf and the Minnesota state academy for the blind for services, seminars, and conferences must be deposited in the state treasury and credited to the academies' revolving fund.

Subd. 2. [ADMINISTRATOR'S VOUCHERS.] Money may be paid from the academies' revolving fund only by vouchers authorized by the academies' administrator and is appropriated to the academies' administrator to defray expenses of the services, seminars, and conferences.

Sec. 2. [BUSINESS AND TRADE SCHOOLS.]

By July 1, 1987, the governor shall designate an appropriate state agency or office, other than the department and state board of education, to exercise jurisdiction over the private business, trade, and correspondence schools. The authority of the commissioner and state board of education, as provided in chapter 141, shall be transferred to the authority appointed by the governor. By January 15, 1988, the governor shall submit a bill to the legislature making all statutory changes required by the transfer of authority made under this section.

Sec. 3. [DEPARTMENT OF EDUCATION; APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund, unless otherwise indicated, to the department of education for operation of the agency the sums indicated in this section for the fiscal years ending June 30 in the years designated. The approved complement is:

<u>State</u>	-	<u>1988</u>	=	<u>228.5</u>
		<u>1989</u>	=	<u>226.8</u>
<u>Federal</u>	-	<u>1988</u>	=	<u>146.4</u>
		<u>1989</u>	=	<u>146.4</u>
<u>Other</u>	-	<u>1988</u>	=	<u>10.5</u>
		<u>1989</u>	=	<u>10.5</u>
<u>Total</u>	-	<u>1988</u>	=	<u>385.4</u>
		<u>1989</u>	=	<u>383.7</u>

If necessary, the commissioner, with the approval of the commissioner of finance, may transfer complement between these categories not to exceed the total for each year.

The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the programs during the biennium. Transfers must be reported immediately to the house education finance division and the senate education aids subcommittee. During the biennium, the commissioner of education may transfer money among the various object of expenditure categories and activities within each program, unless restricted by executive order.

Subd. 2. [EDUCATION SERVICES.]

\$6,878,500.....1988.

\$6,806,000.....1989.

\$60,000 each year is from the public health fund. \$20,700 each year is from the trunk highway fund.

\$157,500 in 1988 and \$67,800 in 1989 is for providing appropriate and comprehensive information to school children about acquired immune deficiency syndrome.

The Governor's Council on Youth is discontinued.

\$50,000 each year is for support of the department's additional responsibilities related to youth. The complement of the department includes one additional position in the community education section for this purpose.

The complement of the secondary vocational section is reduced by two.

Subd. 3. [EDUCATION ADMINISTRATION AND FINANCE.]

\$5,098,800.....1988.

\$5,108,600.....1989.

The commissioner of education shall maintain no more than six total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant.

Sec. 4. [FARIBAULT ACADEMIES.]

There is appropriated from the general fund to the state board of education the sums indicated in this section for the operation of the Faribault academies in the fiscal years ending June 30 in the years designated.

\$6,140,400.....1988,

\$6,122,400.....1989.

The approved complement is:

<u>State</u>	-	<u>1988</u>	=	<u>182.5</u>
		<u>1989</u>	=	<u>182.5</u>
<u>Federal</u>	-	<u>1988</u>	=	<u>8.0</u>
		<u>1989</u>	=	<u>7.0</u>
<u>Total</u>	-	<u>1988</u>	=	<u>190.5</u>
		<u>1989</u>	=	<u>189.5</u>

If necessary, the state board, with the approval of the commissioner of finance, may transfer complement between categories.

Up to \$107,600 in 1988 and up to \$107,600 in 1989 is for repairs, replacements, and betterment.

Up to \$53,300 in 1988 and up to \$53,300 in 1989 is for repair and purchase of equipment.

Any unexpended balance remaining from the appropriation in this section in 1988 shall not cancel but is available in 1989.

Sec. 5. [REPEALER.]

Minnesota Statutes 1986, chapter 129C, is repealed."

Delete the title and insert:

"A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; changing the capital expenditure formula; changing the secondary vocational funding formula; in-

creasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3, 5, and by adding subdivisions; 121.87, subdivision 1, and by adding a subdivision; 121.88, subdivision 2, and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1, and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1, 4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivisions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124.275; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.17; 129B.20; 129B.21; 129B.35; 129B.37; and 275.125, subdivision 5d."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 586, A bill for an act relating to the Minnesota zoological garden; requiring board appointments to be subject to the advice and

consent of the senate; amending Minnesota Statutes 1986, section 85A.01, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 85A.01, subdivision 1, is amended to read:

Subdivision 1. The Minnesota zoological garden is established under the supervision and control of the Minnesota zoological board. The board consists of ~~15~~ 30 public and private sector members having a background or interest in zoological societies or zoo management or an ability to generate community interest in the Minnesota zoological garden. ~~Twenty-nine~~ members shall be appointed by the ~~governor~~ board after consideration of a list supplied by board members serving on a nominating committee. To the extent possible, the board shall appoint members who are residents of the various geographical regions of the state. Terms, compensation, and removal of members ~~and filling of vacancies~~ are as provided in section 15.0575. In making appointments, the ~~governor~~ board shall utilize the appointment process as provided under section 15.0597 and consider, among other factors, the ability of members to garner support for the Minnesota zoological garden. In consultation with By increasing private sector support for the Minnesota zoological garden, the board shall seek to increase accessibility to the zoo by minimizing admission fees and by increasing public transportation to the zoo. One member shall be appointed by the Dakota county board ~~the board shall nominate and the governor shall appoint as one of the 15 members of the zoo board~~ a who must be a resident of Dakota county and who may be a member of the county board.

A member of the board may not be an employee of or have a direct or immediate family financial interest in a business that provides goods or services to the zoo. A member of the board may not be an employee of the zoo.

Sec. 2. Minnesota Statutes 1986, section 85A.01, is amended by adding a subdivision to read:

Subd. 5. Members of the board are not required to file a statement of economic interest with the state ethical practices board under section 10A.09.

Sec. 3. [TRANSITION.]

Notwithstanding section 1, the additional 15 members appointed to the state zoological board after July 1, 1987, shall be initially



appointed by the governor after consideration of a list supplied by members of the zoological board serving on a nominating committee.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 3 are effective July 1, 1987. Section 2 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the Minnesota zoological garden; increasing the size of the zoological board; exempting members of the board from filing statements of economic interest; permitting the board to appoint new members to the board; amending Minnesota Statutes 1986, section 85A.01, subdivision 1, and by adding a subdivision."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 716, A bill for an act relating to education; appropriating funds from litigation to the state university board; authorizing the board to directly purchase equipment; clarifying that the state university board may consider the qualifications of bidders in capital project awards; allowing the board to receive nonstate funds for building on state land and to control bidding, contract awards, and construction; authorizing the board to buy land; requiring the real estate management division of the department of administration to perform certain duties; authorizing the board to trade state land; requiring legislative consultation before the board proceeds with construction, land purchases, or trades; amending Minnesota Statutes 1986, sections 136.142, by adding a subdivision; 136.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 136.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 2

Page 3, delete lines 10 to 36 and insert:

"(c) The board shall proceed with acquisition consistent with the policies and rules established by the department of administration."

Page 4, delete lines 1 to 11

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "authorizing"

Page 1, line 4, delete everything before "clarifying"

Page 1, line 16, delete "sections" and insert "section"

Page 1, line 17, delete "136.24, by adding a subdivision,"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 791, A bill for an act relating to financial institutions; permitting additional detached facilities; amending Minnesota Statutes 1986, sections 47.52; and 49.34, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 23, strike "according to the last previous United States census" and insert "as determined by the commissioner from the latest available data from the state demographer"

Page 1, line 25, after "less" insert "as determined by the commissioner from the latest available data from the state demographer,"

Page 2, after line 14, insert:

"Sec. 2. [47.76] [REQUIRED SAVINGS ACCOUNT.]

A federal or state chartered financial institution, including, but not limited to, a bank, savings and loan association, savings bank, or credit union, shall offer to a Minnesota resident a savings account to promote thrift that has no service charge or fee, if such an account has an average monthly balance of more than \$50."

Page 2, line 15, delete "2" and insert "3"

Page 2, line 18, before "Notwithstanding" insert "(a)"

Page 2, line 29, before "Where" insert:

"(b) In addition to the authority granted in paragraphs (a) and (c), and notwithstanding the geographic limitations of subdivision 1 and the limitations on number of facilities and consent requirements contained in section 47.52, a state bank whose main banking office is located within the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington may apply to the commissioner, pursuant to the procedures contained in sections 47.51 to 47.56 and 49.35 to 49.41, to acquire another state bank or national banking association and its detached facilities through merger, consolidation, or purchase of assets and assumption of liabilities and operate them as detached facilities of the successor bank if each resulting detached facility is located within the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington.

(c)"

Amend the title as follows:

Page 1, line 5, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 47"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 939, A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing for peer review of services and fees; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10, subdivisions 1, 3, and by adding a subdivision; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1986, section 148.101.

Reported the same back with the following amendments:

Page 1, lines 27 and 28, reinstate the stricken language

Page 6, line 21, after the period insert "Unless otherwise required by law, written records need not be retained for more than seven years and"

Page 8, line 22, delete “; and” and insert “. As used in this clause, “advertise” means solicitation by the licensee by means of handbills, posters, circulars, motion pictures, radio, newspapers, television, or in any other manner. In addition to the board’s power to punish for violations of this clause, violation of this clause is also a misdemeanor;”

Page 8, line 23, after “(h)” insert “Accepting for services rendered assigned payments from any third-party payor as payment in full, if the effect is to eliminate the need of payment by the patient of any required deductible or copayment applicable in the patient’s health benefit plan, except as hereinafter provided; or collecting a fee or charge for a service or treatment different from the fee or charge the licensee submits to a third-party payor for that service or treatment, except as hereinafter provided. This clause is intended to prohibit offerings to the public of the above listed practices and those actual practices as well, except that in instances where the intent is not to collect an excessive remuneration from the third-party payor but rather to provide services at a reduced rate to a patient unable to afford the deductible or copayment, the services may be performed for a lesser charge or fee. The burden of proof for establishing that this is the case shall be on the licensee; and

(i)”

Page 8, delete lines 24 to 29

Page 9, line 30, delete “A state or local”

Page 9, delete lines 31 and 32

Page 9, line 33, delete everything before “If”

Page 9, line 34, delete “the society has received” and insert “a state or local chiropractic society receives”

Page 9, line 36, delete “on which it has not taken any disciplinary action”

Page 10, line 1, delete “and the reason why it has”

Page 10, line 2, delete “not taken action on it”

Page 12, line 22, delete “either or both of the following: (1)”

Page 12, line 23, delete “adjustment; (2) chiropractic manipulation;”

Page 12, line 26, delete “persons” and insert “person”

Page 12, line 27, delete "use" and insert "uses" and delete "are" and insert "is"

Page 12, line 30, delete "or"

Page 13, line 24, delete "health care"

Page 13, line 25, delete "provider" and insert "licensed chiropractor"

Page 13, delete lines 34 to 36

Page 14, delete lines 1 to 4 and insert:

"(c) "Unconscionable fees" means charges submitted for services performed that are unnecessary or unreasonable charges in the judgment of the peer review committee. In determining the unconscionability of costs, the committee may consider, among other appropriate factors, charges by health care providers other than chiropractors for the same or similar services."

Page 14, delete lines 8 and 9

Reletter the remaining clauses in sequence

Page 14, line 10, before "treatment" insert "chiropractic"

Page 14, line 11, delete everything after "a" and insert "chiropractor"

Page 14, line 12, delete everything before the period

Page 14, line 19, delete "one" and insert "two" and delete "is a consumer, and one of whom is a health" and insert "are consumers"

Page 14, line 20, delete "insurance company representative"

Page 14, line 24, after "board" insert ", and may consist of different individuals for review of different cases"

Page 14, line 25, delete "a determination made"

Page 14, line 26, delete "of"

Page 14, line 26, delete "medical"

Page 14, line 29, after "provider" insert "or any other facts or evidence pertinent to the controversy"

Page 14, line 30, delete "It is the intent of the legislature"

Page 14, delete lines 31 to 35 and insert "The board shall review directly or by contract information relating to certain chiropractic providers for the purposes identified in section 145.61."

Page 14, line 36, delete "further"

Page 15, line 6, delete "If the board directs, peer review shall"

Page 15, delete line 7

Page 15, line 8, delete "the board or by the board's contractual arrangements."

Page 15, line 9, delete the second "the" and insert "its findings under subdivision 2."

Page 15, delete line 10

Page 15, line 11, delete everything before "The peer"

Page 15, line 17, delete "health care provider" and insert "chiropractor"

Page 15, line 20, delete "For each peer review request,"

Page 15, delete line 21

Page 15, line 22, delete "person submitting the request," and insert "Any third party provider making a peer review request may be charged a fee"

Page 15, line 26, delete "health care provider" and insert "chiropractor"

Page 15, line 28, delete "health care provider" and insert "chiropractor"

Page 15, line 31, delete "health care"

Page 15, line 32, delete "provider" and insert "chiropractor"

Page 15, line 33, delete "submitted to it" and insert "reviewed"

Page 15, line 34, delete "health care provider" and insert "chiropractor"

Page 16, line 1, delete "appropriate" and insert "unconscionable"

Page 16, line 33, delete "No"

Page 16, delete lines 34 to 36

Page 17, delete lines 1 to 4

Page 17, line 5, delete "as a result of peer review proceedings." and insert "All data and information acquired by the board or the peer review committee, in the exercise of its duties and functions, shall be subject to the same disclosure and confidentiality protections as provided for data and information of other review organizations under section 145.64."

Page 17, line 10, after the period insert "The peer review committee shall file with the board a complaint against a health care provider if it determines that reasonable cause exists to believe the health care provider has violated any portion of this chapter or rules adopted under it, for which a licensed chiropractor may be disciplined. The peer review committee shall transmit all complaint information it possesses to the board."

Page 17, line 12, after the period insert "The patient records obtained by the board pursuant to this section must be used solely for the purposes of the board relating to peer review or the disciplinary process."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 944, A bill for an act relating to retirement; Minnesota state retirement system; teachers retirement association; authorizing early unreduced retirement under the rule of 90; amending Minnesota Statutes 1986, sections 352.116, by adding a subdivision; and 354.44, subdivision 6.

Reported the same back with the following amendments:

Page 2, after line 34, insert:

"Sec. 3. Minnesota Statutes 1986, section 354A.31, subdivision 5, is amended to read:

Subd. 5. [UNREDUCED NORMAL RETIREMENT ANNUITY.]  
Upon retirement at age 65 with at least ten years of service credit or,

at age 62 with at least 30 years of service credit, or at any age when the member's attained age plus credited allowable service totals 90 years, a coordinated member shall be entitled to a normal retirement annuity calculated pursuant to subdivision 4.

Sec. 4. Minnesota Statutes 1986, section 354A.31, subdivision 6, is amended to read:

Subd. 6. [REDUCED RETIREMENT ANNUITY.] Except as provided by the rule of 90 stated in subdivision 5, upon retirement at an age prior to age 65 with ten years of service credit or prior to age 62 with at least 30 years of service credit, a coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity reduced by one-half of one percent for each month that the coordinated member is under the age of 65 if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit but is over the age of 59, and reduced by one-fourth of one percent for each month that the coordinated member is under the age of 60."

Page 2, line 35, delete "3" and insert "5"

Page 2, line 36, delete "and 2" and insert "to 4"

Amend the title as follows:

Page 1, line 3, after the second semicolon insert "first class city teachers retirement funds;"

Page 1, line 6, delete "and" and after "6" insert "; and 354A.31, subdivisions 5 and 6"

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.

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

H. F. No. 986, A bill for an act relating to financial institutions; authorizing certain charges on open-end loan account arrangements; amending Minnesota Statutes 1986, section 48.185, subdivision 4.

Reported the same back with the following amendments:



Page 2, line 6, delete "each advance, purchase, or satisfaction" and insert "any monthly or other periodic payment period"

Page 2, line 11, after "or" insert "returned"

Page 2, line 15, delete "the" and insert "a"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1035, A bill for an act relating to education; providing for teacher seniority and severance pay in districts entering into agreements for secondary education and tuitioning agreements; amending Minnesota Statutes 1986, sections 122.535, subdivision 2; 122.541, subdivision 1; and 123.39, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 122.535, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] The school board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement shall be effective on July 1 and shall be for a specified or indefinite number of years. The agreement shall set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 124.18, subdivision 2. ~~The agreement may provide for negotiation of a plan for the assignment or employment in a providing district as an exchange teacher according to section 125.13, or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement~~ The school board and the exclusive representative of the teachers in each district entering into an agreement may negotiate a plan for the assignment or employment of teachers or the placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. If a plan is not negotiated before May 1, teachers who are employed in these districts and who have acquired continuing contract rights must be placed on unrequested leave of absence as provided in section 125.12, subdivision 6b, in the fields in which they are licensed and have taught within the previous five years in the inverse order in which

they were employed by the districts according to a combined seniority list of teachers. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Sec. 2. Minnesota Statutes 1986, section 122.541, subdivision 1, is amended to read:

Subdivision 1. The boards of two or more school districts may, after consultation with the department of education, enter into an agreement providing for the discontinuance by a district of any of grades kindergarten through 12 or portions of those grades, including any subject, and the instruction in a cooperating district of the pupils in the discontinued grades or portions of grades, including any subject; provided, the board of a district discontinuing a grade pursuant to the agreement shall continue to maintain a school enrolling pupils in at least three grades. Before making final an agreement permitted by this subdivision, the boards shall provide a copy of this agreement to the commissioner of education."

Delete the title and insert:

"A bill for an act relating to education; providing for combined seniority lists of certain teachers in districts entering into agreements for secondary education; amending Minnesota Statutes 1986, sections 122.535, subdivision 2; and 122.541, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1144, A bill for an act relating to education; requiring a subsidy be paid to retired teachers for health insurance; authorizing a levy.

Reported the same back with the following amendments:

Page 1, lines 7 and 8, delete the headnote and insert "Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:"

Page 1, line 9, before "Each" insert "Subd. 12b. [HEALTH INSURANCE SUBSIDY LEVY.]"

Page 1, line 21, after "2." insert "[62E.082]"

Page 1, line 22, after the second "teacher" insert "of a school district levying under section 1,"

Page 1, line 24, after the first comma insert "and who retired"

Page 2, line 3, delete "Special" and insert "The"

Page 2, line 4, delete "No. 1"

Page 2, delete lines 23 and 24

Page 2, line 25, delete everything before "Section 3"

Amend the title as follows:

Page 1, line 2, delete "requiring" and insert "authorizing" and before "be" insert "to"

Page 1, line 4, before the period insert "; amending Minnesota Statutes 1986, section 275.125, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62E; repealing Minnesota Statutes 1986, section 62E.081"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Education.

The report was adopted.

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

H. F. No. 1183, A bill for an act relating to human services; establishing service principles and rate-setting procedures for day training and habilitation services provided to adults with mental retardation and related conditions; amending Minnesota Statutes 1986, sections 245.782, subdivision 5; 252.21; 252.22; 252.23; 252.24, subdivisions 1 and 4; 252.25; 256B.501, subdivisions 1, 2, and 8; 256E.09, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252; repealing Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a; repealing Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 245.782, subdivision 5, is amended to read:

Subd. 5. "Day care facility" means any facility, public or private, which for gain or otherwise regularly provides one or more persons with care, training, supervision, habilitation, rehabilitation, or developmental guidance on a regular basis, for periods of less than 24 hours per day, in a place other than the person's own home. Day care facilities include, but are not limited to: family day care homes, group family day care homes, day care centers, day nurseries, nursery schools, developmental achievement centers for children, day training and habilitation services for adults, day treatment programs, adult day care centers, and day services.

Sec. 2. Minnesota Statutes 1986, section 252.21, is amended to read:

**252.21 [COUNTY BOARDS MAY MAKE GRANTS FOR DEVELOPMENTAL ACHIEVEMENT CENTER SERVICES FOR PERSONS CHILDREN WITH MENTAL RETARDATION OR RELATED CONDITIONS.]**

In order to assist county boards in carrying out responsibilities for the provision of daytime developmental achievement center services for eligible persons children with mental retardation or related conditions for whom local educational agencies are not mandated to provide services under chapter 120, the county board or boards are hereby authorized to make grants, within the limits of the money appropriated, to developmental achievement centers for services to persons children with mental retardation or related conditions. In order to fulfill its responsibilities to persons children with mental retardation or related conditions as required by section sections 120.17 and 256E.08, subdivision 1, a county board may, beginning January 1, 1983, contract with developmental achievement centers or other providers.

Sec. 3. Minnesota Statutes 1986, section 252.22, is amended to read:

**252.22 [APPLICANTS FOR ASSISTANCE; TAX LEVY.]**

Any city, town, ~~or~~ governmental entity, nonprofit corporation, or any combination thereof, may apply to the county board for assistance in establishing and operating a developmental achievement center and program for persons children with mental retardation or related conditions. Application for such assistance shall be on forms supplied by the board. Each applicant shall annually submit to the board its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the board.

Any city, town, or county is authorized, at the discretion of its governing body, to make grants from special tax revenues or from its general revenue fund to any nonprofit organization, governmental or

corporate, within or outside its jurisdiction, that has established a developmental achievement center for ~~persons~~ children with mental retardation or related conditions. Nothing contained herein shall in any way preclude the use of funds available for this purpose under any existing statute or charter provision relating to cities, towns and counties.

Sec. 4. Minnesota Statutes 1986, section 252.23, is amended to read:

**252.23 [ELIGIBILITY REQUIREMENTS.]**

A developmental achievement center shall satisfy all of the following requirements to be eligible for assistance under sections ~~252.24 to 252.26~~:

(1) provide ~~daytime activities for any or all of the following classes of persons: developmental services to children with mental retardation or related conditions who can benefit from the program of services, including those school age children who have been excused or excluded from school;~~

~~Children and adults with mental retardation or related conditions who are unable to attend school and who are not eligible for educational services under chapter 120 because of their chronological age and are unable to independently engage in ordinary community activities; and~~

(2) Provide counseling services to parents or guardians of persons with mental retardation or related conditions who may register at the center;

(3) comply with all rules duly ~~promulgated~~ adopted by the commissioner of human services.

Sec. 5. Minnesota Statutes 1986, section 252.24, subdivision 1, is amended to read:

Subdivision 1. [SELECTION OF DEVELOPMENTAL ACHIEVEMENT CENTERS.] The county board shall administer developmental achievement services; ~~including training and habilitation services provided by licensed developmental achievement centers to residents of intermediate care facilities for the mentally retarded.~~ The county board shall ensure that transportation is provided for ~~persons~~ children who fulfill the eligibility requirements of section 252.23, clause (1), utilizing the most efficient and reasonable means available. The county board may contract for developmental achievement services and transportation from a center which is licensed under the provisions of sections 245.781 to 245.813, 252.28, and 257.175, and in the board's opinion, best provides daytime develop-

mental achievement services for persons children with mental retardation or related conditions within the appropriation and medical assistance resources made available for this purpose. Daytime developmental achievement services administered by the county board shall comply with standards established by the commissioner pursuant to subdivision 2 and applicable federal regulations.

Sec. 6. Minnesota Statutes 1986, section 252.24, subdivision 4, is amended to read:

Subd. 4. [FEES.] The county board may, with the approval of the commissioner, establish a schedule of fees for daytime developmental achievement services as provided in section 256E.08, subdivision 6. No person child, or family of a child, with mental retardation or a related condition shall be denied daytime developmental achievement services because of an inability to pay such a fee.

Sec. 7. Minnesota Statutes 1986, section 252.25, is amended to read:

#### 252.25 [BOARD OF DIRECTORS.]

Every city, town, or governmental entity, nonprofit corporation, or combination thereof, establishing a developmental achievement center for persons children with mental retardation or related conditions shall, before it comes under the terms of sections 252.21 to 252.26, appoint a board of directors for the center program. When any city or town singly establishes such a center, such board shall be appointed by the chief executive officer of the city or the chair of the governing board of the town. When any combination of cities, towns, or nonprofit corporations, establishes such a center, the chief executive officers of the cities or nonprofit corporations and the chair of the governing bodies of the towns shall appoint the board of directors. If a nonprofit corporation singly establishes such a center, its chief executive officer shall appoint the board of directors of the center. Membership on a board of directors while not mandatory, should be representative of local health, education and welfare departments, medical societies, mental health centers, associations concerned with mental retardation and related conditions, civic groups and the general public. Nothing in sections 252.21 to 252.26 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to such board of directors, or public schools from administering programs under their present administrative structure.

Sec. 8. [252.40] [SERVICE PRINCIPLES AND RATE-SETTING PROCEDURES FOR DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION AND RELATED CONDITIONS.]

Sections 8 to 15 apply to day training and habilitation services for adults with mental retardation and related conditions when the services are authorized to be funded by a county and provided under a contract between a county board and a vendor as defined in section 9. Nothing in sections 8 to 15 absolves intermediate care facilities for persons with mental retardation or related conditions of the responsibility for providing active treatment and habilitation under federal regulations with which those facilities must comply to be certified by the Minnesota department of health.

Sec. 9. [252.41] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 8 to 15.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of the department of human services.

Subd. 3. [DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION, RELATED CONDITIONS.] "Day training and habilitation services for adults with mental retardation and related conditions" means services that:

(1) include supervision, training, assistance, and supported employment, work-related activities, or other community-integrated activities designed and implemented in accordance with the individual service and individual habilitation plans required under Minnesota Rules, parts 9525.0015 to 9525.0165, to help an adult reach and maintain the highest possible level of independence, productivity, and integration into the community;

(2) are provided under contract with the county where the services are delivered by a vendor licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, to provide day training and habilitation services; and

(3) are regularly provided to one or more adults with mental retardation or related conditions in a place other than the adult's own home or residence.

Day training and habilitation services reimbursable under this section do not include special education and related services as defined in the Education of the Handicapped Act, United States Code, title 20, chapter 33, section 1401, clauses (6) and (17), or vocational services funded under section 110 of the Rehabilitation Act of 1973, United States Code, title 29, section 720, as amended.

Subd. 4. [INDEPENDENCE.] "Independence" means the extent to which persons with mental retardation or related conditions exert control and choice over their own lives.

Subd. 5. [INTEGRATION.] "Integration" means that persons with mental retardation and related conditions:

(1) use the same community resources that are used by and available to individuals who are not disabled;

(2) participate in the same community activities in which nondisabled individuals participate; and

(3) regularly interact and have contact with nondisabled individuals.

Subd. 6. [PRODUCTIVITY.] "Productivity" means that persons with mental retardation or a related condition:

(1) engage in income-producing work designed to improve their income level, employment status, or job advancement; or

(2) engage in activities that contribute to a business, household, or community.

Subd. 7. [REGIONAL CENTER.] "Regional center" means any one of the eight state-operated facilities under the direct administrative authority of the commissioner that serve persons with mental retardation and related conditions. The following facilities are regional centers: Anoka-Metro Regional Treatment Center; Brainerd Regional Human Services Center; Cambridge Regional Treatment Center; Faribault Regional Center; Fergus Falls Regional Treatment Center; Moose Lake Regional Treatment Center; St. Peter Regional Treatment Center; and Willmar Regional Treatment Center.

Subd. 8. [SUPPORTED EMPLOYMENT.] "Supported employment" means employment of a person with a disability so severe that the person needs ongoing training and support to get and keep a job in which:

(1) the person engages in paid work at a work site where individuals without disabilities who do not require public subsidies also may be employed;

(2) public funds are necessary to provide ongoing training and support services throughout the period of the person's employment; and

(3) the person has the opportunity for social interaction with individuals who do not have disabilities and who are not paid caregivers.

Subd. 9. [VENDOR.] "Vendor" means a nonprofit legal entity that:



(1) is licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, to provide day training and habilitation services to adults with mental retardation and related conditions; and

(2) does not have a financial interest in the legal entity that provides residential services to the same person or persons to whom it provides day training and habilitation services. A vendor other than a regional center that is providing both residential and day training and habilitation services to the same person on the effective date of this section must be in compliance with this clause by January 1, 1989. This clause does not apply to regional centers.

Sec. 10. [252.42] [SERVICE PRINCIPLES.]

The design and delivery of services eligible for reimbursement under the rates established in section 14 should reflect the following principles:

(1) Services must suit a person's chronological age and be provided in the least restrictive environment possible, consistent with the needs identified in the person's individual service and individual habilitation plans under Minnesota Rules, parts 9525.0015 to 9525.0165.

(2) A person with mental retardation or a related condition whose individual service and individual habilitation plans authorize employment or employment-related activities shall be given the opportunity to participate in employment and employment-related activities in which nondisabled persons participate.

(3) A person with mental retardation or a related condition participating in work shall be paid wages commensurate with the rate for comparable work and productivity except as regional centers are governed by section 246.151.

(4) A person with mental retardation or a related condition shall receive services which includes services offered in settings used by the general public and designed to increase the person's active participation in ordinary community activities.

(5) A person with mental retardation or a related condition shall participate in the patterns, conditions, and rhythms of everyday living and working that are consistent with the norms of the mainstream of society.

Sec. 11. [252.43] [COMMISSIONER'S DUTIES.]

The commissioner shall supervise county boards' provision of day training and habilitation services to adults with mental retardation and related conditions. The commissioner shall:

(1) determine the need for day training and habilitation services under section 252.28;

(2) approve payment rates established by a county under section 14, subdivision 1;

(3) adopt rules for the administration and provision of day training and habilitation services under sections 8 to 15 and sections 245.781 to 245.812 and 252.28, subdivision 2;

(4) enter into interagency agreements necessary to ensure effective coordination and provision of day training and habilitation services;

(5) monitor and evaluate the costs and effectiveness of day training and habilitation services; and

(6) provide information and technical help to county boards and vendors in their administration and provision of day training and habilitation services.

Sec. 12. [252.44] [COUNTY BOARD RESPONSIBILITIES.]

(a) When the need for day training and habilitation services in a county has been determined under section 252.28, the board of commissioners for that county shall:

(1) authorize the delivery of services according to the individual service and habilitation plans required as part of the county's provision of case management services under Minnesota Rules, parts 9525.0015 to 9525.0165. For calendar years for which section 252.46, subdivisions 2 to 10, apply, the county board shall not authorize a change in service days from the number of days authorized for the previous calendar year unless there is documentation for the change in the individual service plan. An increase in service days must also be supported by documentation that the goals and objectives assigned to the vendor cannot be met more economically and effectively by other available community services and that without the additional days of service the individual service plan could not be implemented in a manner consistent with the service principles in section 252.42;

(2) contract with licensed vendors, as specified in paragraph (b), under sections 256E.01 to 256E.12 and 256B.092 and rules adopted under those sections;

(3) ensure that transportation is provided or arranged by the vendor in the most efficient and reasonable way possible;

(4) set payment rates under section 14;

(5) monitor and evaluate the cost and effectiveness of the services; and

(6) reimburse vendors for the provision of authorized services according to the rates, procedures, and regulations governing reimbursement.

(b) With all vendors except regional centers, the contract must include the approved payment rates, the projected budget for the contract period, and any actual expenditures of previous and current contract periods. With all vendors, including regional centers, the contract must also include the amount, availability, and components of day training and habilitation services to be provided, the performance standards governing service provision and evaluation, and the time period in which the contract is effective.

Sec. 13. [252.45] [VENDOR'S DUTIES.]

A vendor's responsibility under clauses (1), (2), and (3) extends only to the provision of services that are reimbursable under state and federal law. A vendor under contract with a county board to provide day training and habilitation services shall:

(1) provide the amount and type of services authorized in the individual service plan and specified in the individual habilitation plan under Minnesota Rules, parts 9525.0015 to 9525.0165;

(2) design the services to achieve the outcomes assigned to the vendor in the individual service plan and specified in the individual habilitation plan;

(3) provide or arrange for transportation of persons receiving services to and from service sites;

(4) enter into agreements with community-based intermediate care facilities for persons with mental retardation and related conditions to ensure compliance with applicable federal regulations; and

(5) comply with state and federal law.

Sec. 14. [252.46] [PAYMENT RATES.]

Subdivision 1. [RATES ESTABLISHED THROUGH 1988.] Payment rates to vendors, except regional centers, for county-funded day training and habilitation services and transportation provided to persons receiving day training and habilitation services established by a county board before January 1, 1989, are governed by subdivisions 2 to 10.

"Payment rate" as used in subdivisions 2 to 10 refers to three kinds of payment rates: a full-day service rate for persons who receive at least six service hours a day, including the time it takes to transport the person to and from the service site; a partial-day service rate that must not exceed 75 percent of the full-day service rate for persons who receive less than a full day of service; and a transportation rate for providing, or arranging and paying for, transportation of a person to and from the person's residence to the service site.

Subd. 2. [1987 AND 1988 MINIMUM.] Unless a variance is granted under subdivision 6, the minimum payment rates set by a county board for each vendor for 1987 and 1988 must be equal to the payment rates approved by the commissioner for that vendor in effect January 1, 1986, and January 1, 1987, respectively.

Subd. 3. [1987 AND 1988 MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for 1987 and 1988 must be equal to the payment rates approved by the commissioner for that vendor in effect December 1, 1986, and December 1, 1987, respectively, increased by no more than the projected percentage change in the urban consumer price index, all items, published by the department of labor, for the upcoming calendar year over the current calendar year.

Subd. 4. [NEW VENDORS.] Payment rates established by a county before January 1, 1989, for a new vendor for which there were no previous rates must not exceed 125 percent of the average payment rates in the regional development commission district under sections 462.381 to 462.396 in which the new vendor is located.

Subd. 5. [SUBMITTING RECOMMENDED RATES.] The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner by November 1, 1987, and at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must require the county board's written verification of the individual documentation required under section 12, clause (a). If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment

rates for each licensed site are multiplied by the projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Subd. 6. [VARIANCES.] A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request with the recommended payment rates. The county board shall review all vendors' payment rates that are 20 percent lower than the average rates for the regional development commission district to which the county belongs. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. This review must occur prior to November 1, 1987. When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs. The written variance request must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates to change the number of direct service staff or the level of qualifications of the staff.

(2) The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.

(3) The proposed changes demonstrate compliance with minimum licensing standards governing minimum staffing ratios and staff qualifications.

(4) The vendor documents that the change in staff numbers or qualifications cannot be achieved by reallocating current staff or by reallocating financial resources to provide or purchase the necessary services.

(5) The county board submits evidence that the need for additional staff cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(6) The county board submits a description of the nature and cost of the proposed changes. Allowable costs are limited to salaries, related fringe benefits, and payroll taxes.

(7) The county board's recommended payment rates do not exceed 125 percent of the average payment rates in the regional development commission district in which the vendor is located.

Subd. 7. [TIME REQUIREMENTS AND APPEALS PROCESS FOR VARIANCES.] The commissioner shall notify in writing county boards requesting variances within 60 days of receiving the variance request from the county board. The notification shall give reasons for denial of the variance, if it is denied.

Subd. 8. [COMMISSIONER'S NOTICE TO BOARDS, VENDORS.] The commissioner shall notify the county boards and vendors of:

(1) the average regional payment rates and 125 percent of the average regional payment rates for each of the regional development commission districts designated in sections 462.381 to 462.396; and

(2) the projected inflation rate for the year in which the rates will be effective equal to the most recent projected change in the urban consumer price index, all items, published by the department of labor, for the upcoming calendar year over the current calendar year.

Subd. 9. [APPROVAL OR DENIAL OF RATES.] The commissioner shall approve the county board's recommended payment rates when the rates and verification justifying the projected service units comply with subdivisions 2 to 10. The commissioner shall notify the county board in writing of the approved payment rates within 60 days of receipt of the rate recommendations. If the rates are not approved, or if rates different from those originally recommended are approved, the commissioner shall within 60 days of receiving the rate recommendation notify the county board in writing of the reasons for denying or substituting a different rate for the recommended rates. Approved payment rates remain effective until the commissioner approves different rates in accordance with subdivisions 2 and 3.

Subd. 10. [VENDOR'S REPORT, AUDIT.] The vendor shall report to the commissioner and the county board on forms prescribed by the commissioner at times specified by the commissioner. The reports shall include programmatic and fiscal information. Fiscal information shall be provided in accordance with an annual audit that complies with the requirements of Minnesota Rules, parts 9550.0010 to 9550.0092. The audit must be done in accordance with generally accepted auditing standards to result in statements that include a balance sheet, income statement, changes in financial position, and the certified public accountant's opinion.

Subd. 11. [IMPROPER TRANSACTIONS.] Transactions that have the effect of circumventing subdivisions 1 to 10 must not be

considered by the commissioner for the purpose of payment rate approval under the principle that the substance of the transaction prevails over the form.

Subd. 12. [RATES ESTABLISHED AFTER 1988.] Payment rates established by a county board on or after January 1, 1989, must be determined under permanent rules adopted by the commissioner. No county shall pay a rate that is less than the minimum rate determined by the commissioner.

In developing procedures for setting minimum payment rates and procedures for establishing payment rates, the commissioner shall consider the following factors:

(1) a vendor's payment rate and historical cost in the previous year;

(2) current economic trends and conditions;

(3) costs that a vendor must incur to operate efficiently, effectively and economically and still provide training and habilitation services that comply with quality standards required by state and federal regulations;

(4) increased liability insurance costs;

(5) costs incurred for the development and continuation of supported employment services;

(6) cost variations in providing services to people with different needs;

(7) the adequacy of reimbursement rates that are more than 15 percent below the statewide average; and

(8) other appropriate factors.

The commissioner may develop procedures to establish differing hourly rates that take into account variations in the number of clients per staff hour, to assess the need for day training and habilitation services, and to control the utilization of services.

In developing procedures for setting transportation rates, the commissioner may consider allowing the county board to set those rates or may consider developing a uniform standard.

Medical assistance rates for home and community-based services provided under section 256B.501 by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 8 to 15.

## Sec. 15. [252.47] [RULES.]

To implement sections 8 to 15, the commissioner shall adopt permanent rules under sections 14.01 to 14.38. The commissioner shall establish an advisory task force to advise and make recommendations to the commissioner during the rulemaking process. The advisory task force must include legislators, vendors, residential service providers, counties, consumers, department personnel, and others as determined by the commissioner.

Sec. 16. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to 14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section ~~256B.50, subdivision 1~~ 252.41, subdivision 3, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death



or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of

seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20.

Sec. 17. Minnesota Statutes 1986, section 256B.501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meaning given them.

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

(b) "Facility" means a facility licensed as a mental retardation residential facility under section 252.28, licensed as a supervised living facility under chapter 144, and certified as an intermediate care facility for persons with mental retardation or related conditions.

(c) "Waivered service" means home or community-based service authorized under United States Code, title 42, section 1396n(c), as amended through December 31, 1982, and defined in the Minnesota state plan for the provision of medical assistance services. Waivered services include, at a minimum, case management, family training and support, developmental training homes, supervised living arrangements, semi-independent living services, respite care, and training and habilitation services.

(d) ~~"Training and habilitation services" are those health and social services needed to ensure optimal functioning of persons with mental retardation or related conditions. Training and habilitation services shall be provided to a client away from the residence unless medically contraindicated by an organization which does not have a direct or indirect financial interest in the organization which provides the person's residential services. This requirement shall not apply to any developmental achievement center which has applied for licensure prior to April 15, 1983.~~

Sec. 18. Minnesota Statutes 1986, section 256B.501, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] The commissioner shall establish procedures and rules for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions which qualify as vendors providers of medical assistance, and waivered services, and for provision of training and habilitation services. Approved rates shall be established on the basis of methods and standards that the commissioner finds adequate to provide for the costs that must be incurred for the quality care of residents in efficiently and economically operated facilities and services. The procedures shall specify the costs that are allowable for payment through medical assistance. The commissioner may use experts from outside the department in the establishment of the procedures.

Sec. 19. Minnesota Statutes 1986, section 256B.501, subdivision 8, is amended to read:

Subd. 8. [PAYMENT FOR PERSONS WITH SPECIAL NEEDS.] The commissioner shall establish by December 31, 1983, procedures to be followed by the counties to seek authorization from the commissioner for medical assistance reimbursement ~~for waived services or training and habilitation services~~ for very dependent persons with special needs in an amount in excess of the rates allowed pursuant to subdivisions 2, and 4, ~~5, and 6~~, including rates established under section 252.46 when they apply to services provided to residents of intermediate care facilities for persons with mental retardation or related conditions, and procedures to be followed for rate limitation exemptions for intermediate care facilities for persons with mental retardation or related conditions. No excess payment or limitation exemption shall be authorized unless the need for the service is documented in the individual service plan of the person or persons to be served, the type and duration of the services needed are stated, and there is a basis for estimated cost of the services.

The commissioner shall evaluate the services provided pursuant to this subdivision through program and fiscal audits.

Sec. 20. Minnesota Statutes 1986, section 256E.09, subdivision 3, is amended to read:

Subd. 3. [PLAN CONTENT] The biennial community social services plan published by the county shall include:

(a) A statement of the goals of community social service programs in the county;

(b) Methods used pursuant to subdivision 2 to encourage participation of citizens and providers in the development of the plan and the allocation of money;

(c) Methods used to identify persons in need of service and the social problems to be addressed by the community social service programs, including efforts the county proposes to make in providing for early intervention, prevention and education aimed at minimizing or eliminating the need for services for groups of persons identified in section 256E.03, subdivision 2;

(d) A statement describing how the county will fulfill its responsibilities identified in section 256E.08, subdivision 1 to the groups of persons described in section 256E.03, subdivision 2, and a description of each community social service proposed and identification of the agency or person proposed to provide the service. The plan shall specify how the county proposes to make the following services available for persons identified by the county as in need of services:

daytime developmental achievement services for children, day training and habilitation services for adults, subacute detoxification services, residential services and nonresidential social support services as appropriate for the groups identified in section 256E.03, subdivision 2;

(e) The amount of money proposed to be allocated to each service;

(f) An inventory of public and private resources including associations of volunteers which are available to the county for social services;

(g) Evidence that serious consideration was given to the purchase of services from private and public agencies; and

(h) Methods whereby community social service programs will be monitored and evaluated by the county.

#### Sec. 21. [TASK FORCE.]

Subdivision 1. [TASK FORCE CREATED.] The director of the state planning agency shall form and chair a task force to review and make recommendations by February 1, 1988, regarding the appropriate roles of development achievement centers and sheltered workshops in providing supported work opportunities to people with disabilities.

Subd. 2. [MEMBERSHIP.] The task force must include the chairs of the health and human services committees of the Minnesota senate and house of representatives, or their designees, sheltered workshops, developmental achievement centers, county government, the departments of human services and jobs and training, the special education unit of the department of education, the state planning agency, advocacy organizations and the Minnesota supported employment project advisory committee. The state planning agency shall consult with the associations representing sheltered workshops and developmental achievement centers and attempt to select service provider members representing all programmatic and philosophical perspectives.

Subd. 3. [EXTENDED EMPLOYMENT PROGRAMS.] For purposes of this section, "extended employment programs" means programs providing paid work and service hours as a step in the rehabilitation process for those who cannot readily be absorbed in the competitive labor market, or during such time as employment opportunities for them in the competitive labor market do not exist. Extended employment programs include the following:

(1) long-term employment programs as defined at Minnesota Rules, part 3300.2050, subpart 16;

(2) work activity programs as defined at Minnesota Rules, part 3300.2050, subpart 33;

(3) work component programs as defined at Minnesota Rules, part 3300.2050, subpart 34;

(4) community-based employment programs as defined at Minnesota Rules, part 3300.2050, subpart 3.

Subd. 4. [SCOPE OF THE TASK FORCE.] The task force shall review and make recommendations to the legislature and affected state departments on the following:

(1) the role and function of development achievement centers, sheltered workshops, and other services providing employment to people who are severely disabled;

(2) mechanisms for identifying and placing clients in appropriate services;

(3) current and recommended funding methods for developmental achievement centers and extended employment programs and the relationship between funding and placement of clients;

(4) current regulations and program standards including accountability requirements and outcome measures. Recommendations for common standards for all similar programs shall be included;

(5) improved ways of providing employment services to all disabled persons regardless of the severity of their disabilities, including persons not currently receiving services through existing programs; and

(6) the need and scope of demonstration projects to determine how existing funding can be consolidated or unified to expand community-based/supported employment opportunities for persons with severe disabilities and whether specific rule waiver authority is required to accomplish this purpose.

Subd. 5. [COSTS.] The costs of the task force, if any, shall be shared equally by the state planning agency, the department of human services, and the department of jobs and training.

Subd. 6. [COOPERATION OF STATE DEPARTMENTS.] The commissioners shall cooperate with the task force and provide information and support as requested.

Sec. 22. [REPEALER.]

(a) Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a, are repealed.

(b) Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310, are repealed.

Sec. 23. [EFFECTIVE DATE.]

Except as otherwise provided in section 14, sections 1 to 21 are effective the day following final enactment. The rates established under section 14, subdivision 11, are effective January 1, 1989. Except as specifically repealed by this act, the provisions of Minnesota Rules, parts 9525.1200 to 9525.1330 remain in effect until amended or repealed by the commissioner.

Amend the title as follows:

Page 1, line 4, delete "adults" and insert "persons"

Page 1, line 8, after "252.25;" insert "256B.02, subdivision 8;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 1200, A bill for an act relating to human rights; defining "employee" to include commission salespersons for certain purposes; clarifying certain provisions; amending Minnesota Statutes 1986, sections 181.81, subdivision 1; and 363.01, by adding a subdivision.

Reported the same back with the following amendments:

Page 3, line 16, delete "that term"

Page 3, line 17, delete "is"

Page 3, line 18, delete everything after "state"

Page 3, delete lines 19 and 20

Page 3, line 21, delete "salesperson"



With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1365, A bill for an act relating to liquor; authorizing the city of Little Canada to issue two additional on-sale licenses.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1460, A bill for an act relating to athletic and sporting events; creating the Minnesota amateur sports commission and providing its powers and duties; requiring the sponsorship of certain amateur athletic events; authorizing an admission tax; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 240A.

Reported the same back with the following amendments:

Page 6, line 26, delete "shall" and insert "are urged to"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 1482, A bill for an act relating to insurance; liquor liability assigned risk plan; regulating assigned risk plan premiums; amending Minnesota Statutes 1986, section 340A.409, subdivision 3.

Reported the same back with the following amendments:

Page 3, line 19, after the period insert "The rating plan approved by the commissioner shall provide for surcharge factors based on claims reported and losses paid."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1621, A bill for an act relating to unemployment compensation; appropriating federal money received for unemployment compensation administration.

Reported the same back with the following amendments:

Page 2, line 18, delete "facility".

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1629, A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

S. F. No. 916, A bill for an act relating to workers' compensation; providing a permanent partial disability rating for certain losses; proposing coding for new law in Minnesota Statutes, chapter 176.

Reported the same back with the following amendments:

Page 1, line 9, after "December" delete "1" and insert "31"

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

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. Nos. 71, 753, 791, 986, 1035, 1200, 1365, 1482 and 1629 were read for the second time.

**SECOND READING OF SENATE BILLS**

S. F. Nos. 922, 345, 235 and 916 were read for the second time.

**INTRODUCTION AND FIRST READING  
OF HOUSE BILLS**

The following House Files were introduced:

Segal and Pappas introduced:

H. F. No. 1631, A bill for an act relating to education; requiring the commissioner of education to study the feasibility of establishing regional language schools.

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

Jaros, Trimble, Munger, Kludt and Clark introduced:

H. F. No. 1632, A bill for an act relating to building standards; adopting a uniform act for the application of building and fire-related codes to existing buildings; proposing coding for new law in Minnesota Statutes, chapter 16B.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Pelowski introduced:

H. F. No. 1633, A bill for an act relating to education; allowing a school district to use someone other than a traffic or police officer to control traffic in certain circumstances; amending Minnesota Statutes 1986, section 169.06, subdivision 4.

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

Blatz, Trimble, Ogren, Tompkins and McLaughlin introduced:

H. F. No. 1634, A bill for an act relating to child care; expanding eligibility for child care sliding fee program; providing for reimbursement of child care provider accreditation fees; creating an office of child care providers assistance in the department of human services; increasing the number of certain licensing inspections; requiring a study of day care funding sources; requiring a privately operated child care in capitol complex; establishing state policy for certain inspections; exempting construction materials and equipment from sales tax; creating a tuition tax credit; creating an employer tax credit for child care operations; establishing state grants to county government; appropriating money; amending Minnesota Statutes 1986, sections 16B.04, subdivision 2; 16B.39, by adding a subdivision; 245.783, by adding a subdivision; 245.884; 256.01, subdivision 2; 268.91, subdivision 4, and by adding a subdivision; 290.06, by adding subdivisions; and 297A.25, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 256.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Anderson, G., for the Committee on Appropriations, introduced:

H. F. No. 1635, A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation; with certain conditions; decreasing the state portion of instructional cost at area vocational technical institutes; requiring tuition rates to be based on credit hours; appropriating funds from litigation to the state university board; requiring the state university board to consider qualifications of bidders in capital projects; allowing the state university board to receive nonstate funds for constructing a building on state land, and to control bidding, contract awards, and construction; specifying duties of the higher education coordinating board in mission differentiation and program approval; expanding the higher education coordinating board's role in student planning; establishing a child care grant program; providing for increased admissions counseling; creating task forces on quality assessment and common course numbering; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 135A.04; 135A.06; 136.142, by adding a subdivision; 136A.02, subdivision 6; 136A.04, subdivision 1; 136A.05; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.025, subdivision 1; 137.31, subdivision 3; 645.445, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136; 136A; and 136C.

The bill was read for the first time and laid over one day.

## HOUSE ADVISORIES

The following House Advisories were introduced:

Sarna, McEachern, O'Connor, Quinn and Beard introduced:

H. A. No. 27, A proposal to study a new House rule regarding hearings on bills before the Committee on Appropriations.

The advisory was referred to the Committee on Rules and Legislative Administration.

Kahn, McLaughlin and Sviggum introduced:

H. A. No. 28, A proposal to study the feasibility of obtaining a minor league baseball franchise(s) for cities within the state.

The advisory was referred to the Committee on Local and Urban Affairs.

Osthoff, Scheid, Wagenius, Frerichs and Vanasek introduced:

H. A. No. 29, A proposal for a code of ethics for legislators and other public employees.

The advisory was referred to the Committee on Rules and Legislative Administration.

Vanasek 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.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Voss requested immediate consideration of H. F. No. 529.

H. F. No. 529 was reported to the House.

Voss and Schreiber moved to amend H. F. No. 529, the first engrossment, as follows:

Page 249, line 31, delete "June 1" and insert "June 15"

Page 250, line 22, delete "July 1" and insert "July 15"

Page 253, line 17, delete "July 1" and insert "July 15"

Page 254, after line 27, insert:

"Sec. 6. [270.485] [SENIOR ACCREDITATION.]

The legislature finds that the property tax system would be enhanced by requiring that every county assessor and senior appraiser in the department of revenue's property tax review division obtain senior accreditation from the state board of assessors. By January 1, 1989, every county assessor and senior appraiser, including the department's regional representatives, must obtain senior accreditation from the state board of assessors. The board shall provide the necessary courses or training. If a department senior appraiser or regional representative fails to obtain senior accreditation by January 1, 1989, the failure shall be grounds for dismissal, disciplinary action, or corrective action. After December 30, 1988, the commissioner must not approve the appointment of a county assessor who is not senior accredited by the state board of assessors. No employee hired by the commissioner as a senior appraiser or regional representative after June 30, 1987, shall attain permanent status until the employee obtains senior accreditation."

Page 258, line 23, strike "1" and insert "15"

Page 258, line 26, strike "1" and insert "15"

Page 258, line 36, delete "December 1" and insert "November 15"

Page 260, line 20, delete "1" and insert "15"

Page 260, line 23, reinstate the stricken "April 1st" and delete "March 15"

Page 260, line 24, delete "20" and insert "31"

Page 262, line 18, delete "first" and insert "last"

Page 262, line 19, delete "June 30" and insert "July 15"

Page 263, line 22, delete "1 to 7, 9, 10, and 12 to 17" and insert "1 to 5, 7, 8, 10, 11, and 13 to 18"

Page 263, line 24, delete "11" and insert "12"

Renumber the sections in article 6

Page 422, line 24, delete "\$4,000,000" and insert "\$3,900,000"

Page 422, after line 34, insert:

"(4) \$100,000 is appropriated to the commissioner of revenue from the general fund for the biennium ending June 30, 1989. This amount is to be used by the commissioner to reimburse the cost for the average expenses incurred in obtaining the senior accreditation of each county assessor and of the department of revenue's senior appraisers and regional representatives."

The question was taken on the Voss and Schreiber amendment and the roll was called. There were 119 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Shaver
Anderson, R.	Gruenes	Marsh	Otis	Simoneau
Battaglia	Gutknecht	McDonald	Ozment	Skoglund
Bauerly	Hartle	McEachern	Pappas	Solberg
Beard	Haukoos	McKasy	Pauly	Sparby
Begich	Heap	McLaughlin	Pelowski	Stanius
Bennett	Himle	McPherson	Peterson	Steensma
Bertram	Hugoson	Milbert	Quinn	Swenson
Blatz	Jacobs	Miller	Quist	Tjornhom
Boo	Jefferson	Minne	Redalen	Tompkins
Brown	Jennings	Morrison	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, L.	Johnson, A.	Murphy	Rice	Valento
Carruthers	Johnson, R.	Nelson, C.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlick	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knuth	Olson, E.	Scheid	Wenzel
Dille	Kostohryz	Olson, K.	Schoenfeld	Winter
Dorn	Krueger	Omann	Schreiber	Wynia
Forsythe	Larsen	Onnen	Seaberg	Spk. Norton
Frerichs	Lasley	Orenstein	Segal	

Those who voted in the negative were:

Bishop	Frederick	Poppenhagen	Richter	Thiede
Carlson, D.	Johnson, V.	Price	Sviggum	Uphus

The motion prevailed and the amendment was adopted.

#### CALL OF THE HOUSE

On the motion of Schreiber and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Bennett	Heap	McKasy	Poppenhagen	Steenasma
Bertram	Himle	McLaughlin	Price	Sviggum
Bishop	Hugoson	McPherson	Quinn	Swenson
Blatz	Jacobs	Milbert	Quist	Thiede
Boo	Jefferson	Miller	Redalen	Tjornhom
Brown	Jennings	Minne	Reding	Tompkins
Burger	Jensen	Morrison	Rest	Trimble
Carlson, D.	Johnson, A.	Munger	Rice	Tunheim.
Carlson, L.	Johnson, R.	Murphy	Richter	Uphus
Carruthers	Johnson, V.	Nelson, C.	Riveness	Valento
Clark	Kahn	Nelson, D.	Rodosovich	Vanasek
Clausnitzer	Kalis	Neuenschwander	Rose	Vellenga
Cooper	Kelly	O'Connor	Rukavina	Voss
Dauner	Kelso	Ogren	Sarna	Wagenius
DeBlieck	Kinkel	Olsen, S.	Schafer	Waltman
Dempsey	Kludt	Olson, E.	Scheid	Welle
Dille	Knuth	Olson, K.	Schoenfeld	Wenzel
Dorn	Kostohryz	Omamm	Schreiber	Winter
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

Vanasek 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.

Marsh moved to amend H. F. No. 529, the first engrossment, as amended, as follows:

Pages 274 to 277, delete section 10

Page 277, line 25, delete everything after the period

Page 277, delete line 26

Renumber the sections in sequence

Amend the title as follows:

Page 3, line 9, delete "429,"

A roll call was requested and properly seconded.

The question was taken on the Marsh amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 40 yeas and 85 nays as follows:



## Those who voted in the affirmative were:

Anderson, R.	Gruenes	McKasy	Poppenhagen	Swenson
Bennett	Gutknecht	McPherson	Quist	Thiede
Bertram	Heap	Miller	Richter	Tjornhorn
Blatz	Hugoson	Olsen, S.	Schafer	Tompkins
Clausnitzer	Jensen	Omamm	Schreiber	Uphus
Dempsey	Johnson, V.	Onnen	Shaver	Valento
Forsythe	Marsh	Ozment	Stanisus	Waltman
Frederick	McDonald	Pauly	Svigum	Wenzel

## Those who voted in the negative were:

Anderson, G.	Haukoos	Lasley	Olson, K.	Schoenfeld
Beard	Himle	Lieder	Orenstein	Seaberg
Bishop	Jacobs	Long	Osthoff	Segal
Brown	Jaros	McEachern	Otis	Simoneau
Burger	Jefferson	McLaughlin	Pappas	Skoglund
Carlson, D.	Jennings	Milbert	Pelowski	Solberg
Carlson, L.	Johnson, A.	Minne	Peterson	Sparby
Carruthers	Johnson, R.	Morrison	Price	Steensma
Clark	Kalis	Munger	Quinn	Trimble
Cooper	Kelly	Murphy	Redalen	Vanasek
Dauner	Kelso	Nelson, C.	Reding	Vellenga
DeBlieck	Kinkel	Nelson, D.	Rest	Voss
Dille	Kludd	Nelson, K.	Riveness	Wagenius
Dorn	Knuth	Neuenschwander	Rodosovich	Welle
Frerichs	Kostohryz	O'Connor	Rukavina	Winter
Greenfield	Krueger	Ogren	Sarna	Wynia
Hartle	Larsen	Olson, E.	Scheid	Spk. Norton

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

Schreiber moved to amend H. F. No. 529, the first engrossment, as amended, as follows:

Page 6, line 14, delete "and"

Page 7, line 1, before the period insert "; and"

(4) the pension income of a qualified recipient and spouse if the spouse is a qualified recipient. The maximum amount of this exclusion is the following amount:

(i) \$11,000 reduced by the amount of the qualified recipient's and spouse's combined federal adjusted gross income in excess of \$17,000.

(ii) Notwithstanding clause (i), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income and applies without regard to the limitation in clause (iv).

(iii) Notwithstanding clause (i) to the extent included in federal adjusted gross income, all railroad retirement benefits of a qualified

recipient are excludable without limitation as to level of benefits received, maximum amount, or income offset.

(iv) In the case of pension income received from the correctional employees retirement program established pursuant to chapter 352; the state patrol retirement fund established pursuant to chapter 352B; the public employees police and fire fund established pursuant to chapter 353; the retirement funds enumerated in section 69.77, subdivision 1a; or similar retirement plans established by another state or a political subdivision of another state, an individual is a qualified recipient without regard to age.

For purposes of this clause the following terms have the meanings given:

(i) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986.

(ii) "Federal adjusted gross income" is the federal adjusted gross income as determined under the Internal Revenue Code for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(iii) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer:

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 408, or 409, of the Internal Revenue Code.

(iv) "Qualified recipient" means an individual who, at the end of the taxable year, is aged 65 or older or is disabled as defined in section 290A.03, subdivision 9."

"(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$4,000</u>	<u>4 percent</u>
<u>over \$4,000, but not over \$11,000</u>	<u>\$160 plus 6 percent of the excess over \$4,000</u>
<u>over \$11,000, but not over \$21,000</u>	<u>\$580 plus 8 percent of the excess over \$11,000</u>
<u>over \$21,000</u>	<u>\$1,380 plus 9 percent of the excess over \$21,000</u>

(2) For taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$19,000</u>	<u>6 percent</u>
<u>over \$19,000</u>	<u>\$1,140 plus 8 percent of the excess over \$19,000"</u>

Page 14, delete lines 26 to 36

Page 15, delete lines 1 to 19 and insert:

"(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$3,000</u>	<u>4 percent</u>
<u>over \$3,000, but not over \$9,000</u>	<u>\$120 plus 6 percent of the excess over \$3,000</u>
<u>over \$9,000, but not over \$16,000</u>	<u>\$480 plus 8 percent of the excess over \$9,000</u>
<u>over \$16,000</u>	<u>\$1,040 plus 9 percent of the excess over \$16,000</u>

(2) For taxable years beginning after December 31, 1987

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$13,000</u>	<u>6 percent</u>
<u>over \$13,000</u>	<u>\$780 plus 8 percent of the excess over \$13,000"</u>

Page 16, delete lines 13 to 36 and insert:

"(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

<u>if taxable income is:</u>	<u>the tax is:</u>
<u>not over \$3,500</u>	<u>4 percent</u>
<u>over \$3,500, but not over \$10,000</u>	<u>\$140 plus 6 percent of the excess over \$3,500</u>
<u>over \$10,000, but not over \$18,500</u>	<u>\$530 plus 8 percent of the excess over \$10,000</u>
<u>over \$18,500</u>	<u>\$1,210 plus 9 percent of the excess over \$18,500</u>

(2) For taxable years beginning after December 31, 1987

if taxable income is:  
not over \$16,000  
over \$16,000

the tax is:  
6 percent  
\$960 plus 8 percent  
of the excess over \$16,000

Page 17, delete lines 1 to 6

Page 17, line 35, delete "1990" and insert "1988"

Page 18, line 7, delete "1991" and insert "1989"

Page 18, line 14, strike the old language and delete the new language and insert "cost of living adjustment determined under"

Page 18, line 16, strike everything after "1986"

Page 18, lines 17 to 30, delete the new language and strike the old language

Pages 18 and 19, delete section 12

Renumber the sections and correct internal references in article 1

Page 86, line 4, delete "and for property placed in service"

Page 86, delete lines 5 to 7 and insert "no modifications shall be made;"

Page 86, line 13, delete everything after the comma

Page 86, delete line 14

Page 86, line 15, delete "Public Law Number 99-514,"

Page 86, line 18, delete "clauses (1) and (3)" and insert "clause (1)"

Page 86, line 31, delete "and seven year"

Page 100, line 12, reinstate the stricken semicolon

Page 100, line 13, reinstate the stricken "(c)"

Page 100, line 15, before the period insert "insurance companies subject to the gross premiums tax"

Page 101, line 16, delete "(a)"

Page 101, line 30, delete "ten" and insert "9.2"

Page 101, delete lines 31 to 34

Page 102, line 6, delete "5" and insert "10"

Page 102, line 11, delete "2.5" and insert "5"

Page 106, delete lines 21 and 22 and insert:

"(1) six percent of the corporation's alternative minimum taxable income, over"

Page 106, delete lines 34 to 36

Page 107, delete lines 1 to 36 and insert:

"Subd. 3. [DEFINITIONS.] (a) For purposes of this section, "alternative minimum taxable income" means the corporation's alternative minimum taxable income as determined under section 55(b)(2) of the Internal Revenue Code,

(1) increased by the amount added to federal taxable income under section 36, clauses (1) to (5), (8), and (9) and

(2) decreased by

(i) the amount subtracted from federal taxable income under section 37, clauses (2), (5), and (6);

(ii) by the amount of the net operating loss deduction permissible under section 290.095 for the taxable year computed under the principles provided in section 56(d) of the Internal Revenue Code except that no carryback shall be allowed; and

(iii) by the exemption amount determined under section 55(d) of the Internal Revenue Code, and

(3) apportioned to Minnesota under section 75 or section 290.171 as elected by the taxpayer.

(b) For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986."

Page 108, delete lines 1 to 3

Page 108, delete section 58

Pages 125 to 143, delete section 74

Page 145, line 16, delete "(i)" and delete ", other"

Page 145, line 17, delete "than the United States government,"

Page 145, line 20, delete "or (ii) the property is shipped from" and insert a period

Page 145, delete lines 21 and 22

Pages 159 to 161, delete section 81

Page 175, line 28, delete "290.175," and delete ", 6, and" and insert "and 6;"

Page 175, line 29, delete "8," and after "2," insert "290.35,"

Renumber the sections in Article 2 in sequence and correct internal references

Page 277, after line 28, insert:

"Section 1. Minnesota Statutes 1986, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$692,000,000. The basic maintenance mill rate for the 1987 payable 1988 levies and for foundation aid for the 1988-1989 school year shall be set at a rate that raises \$692,000,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a)."

Renumber the sections in Article 8 in sequence and correct internal references

Pages 296 to 314, delete Article 9

Page 316, line 1, delete "75 percent of"

Page 316, line 4, delete "\$550,000,000" and insert "five percent of the general fund budget for the fiscal year"

Page 316, line 24, delete "(a)"

Page 316, line 26, delete "less" and insert "more"

Page 316, delete lines 27 to 31

Page 316, line 32, delete everything before the period and insert "originally estimated and the commissioner estimates that general fund revenues will exceed by \$25,000,000 or more the amount needed to increase the budget and cash flow reserve account to the amount specified in Minnesota Statutes, section 16A.1541, the commissioner shall proportionately reduce the individual income tax rates provided under Minnesota Statutes, section 290.06, subdivision 2, by the amount necessary to eliminate the surplus. The revised rates apply for taxable years beginning during calendar year 1988"

Page 316, line 34, delete "increased" and insert "revised"

Page 316, line 36, delete "contingent" and insert "revised"

Page 317, delete lines 3 to 6

Pages 374 to 377, delete sections 18 to 20

Renumber the sections in Article 11 and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Marsh	Poppenhagen	Swenson
Bennett	Frederick	McDonald	Quist	Thiede
Bertram	Frerichs	McKasy	Redalen	Tjornhom
Bishop	Gruenes	McPherson	Richter	Tompkins
Blatz	Gutknecht	Miller	Rose	Uphus
Boo	Hartle	Morrison	Schafer	Valento
Burger	Haukoos	Olsen, S.	Schreiber	Waltman
Carlson, D.	Heap	Omann	Seaberg	
Clausnitzer	Himle	Onnen	Shaver	
Dempsey	Hugoson	Ozment	Stanius	
Dille	Johnson, V.	Pauly	Svigum	

Those who voted in the negative were:

Anderson, G.	Jennings	McEachern	Pappas	Sparby
Battaglia	Jensen	McLaughlin	Pelowski	Steensma
Bauerly	Johnson, A.	Milbert	Peterson	Trimble
Beard	Johnson, R.	Minne	Price	Tunheim
Begich	Kahn	Munger	Quinn	Vanasek
Brown	Kalis	Murphy	Reding	Vellenga
Carlson, L.	Kelly	Nelson, C.	Rest	Voss
Carruthers	Kelso	Nelson, D.	Riveness	Wagenius
Clark	Kinkel	Nelson, K.	Rodosovich	Welle
Cooper	Kludt	Neuenschwander	Rukavina	Wenzel
Dauner	Knuth	O'Connor	Sarna	Winter
DeBlicke	Kostohryz	Ogren	Scheid	Wynia
Dorn	Krueger	Olson, E.	Schoenfeld	Spk. Norton
Greenfield	Larsen	Olson, K.	Segal	
Jacobs	Lasley	Orenstein	Simoneau	
Jaros	Lieder	Osthoff	Skoglund	
Jefferson	Long	Otis	Solberg	

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

Osthoff moved to amend H. F. No. 529, the first engrossment, as amended, as follows:

Page 6, line 34, delete "In order to qualify for the subtraction under"

Page 6, delete lines 35 and 36

Page 7, delete line 1

Page 37, line 2, after the comma insert "the subtraction provided under section 290.01, subdivision 19b, clause (3),"

A roll call was requested and properly seconded.

The question was taken on the Osthoff amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.



There were 61 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	McKasy	Poppenhagen	Sviggm
Bennett	Frerichs	McPherson	Quist	Swenson
Bishop	Gruenes	Milbert	Redalen	Thiede
Blatz	Gutknecht	Miller	Rice	Tjornhom
Boo	Hartle	Morrison	Richter	Tompkins
Burger	Haukoos	Olsen, S.	Rose	Uphus
Carlson, D.	Heap	Omann	Sarna	Valento
Clausnitzer	Himle	Onnen	Schafer	Waltman
Cooper	Hugoson	Orenstein	Schreiber	Wenzel
DeBlieck	Jensen	Osthoff	Seaberg	
Dempsey	Johnson, V.	Ozment	Shaver	
Dille	Marsh	Pauly	Stanius	
Ersythe	McDonald	Pelowski	Steenasma	

Those who voted in the negative were:

Anderson, G.	Jefferson	Lieder	Pappas	Sparby
Battaglia	Jennings	Long	Peterson	Trimble
Bauerly	Johnson, A.	McLaughlin	Price	Tunheim
Beard	Johnson, R.	Minne	Quinn	Vanasek
Begich	Kahn	Munger	Reding	Vellenga
Bertram	Kalis	Murphy	Rest	Voss
Brown	Kelly	Nelson, C.	Riveness	Wagenius
Carlson, L.	Kelso	Nelson, D.	Rodosovich	Welle
Carruthers	Kinkel	Nelson, K.	Rukavina	Winter
Clark	Kludt	Neuenschwander	Scheid	Wynia
Dauner	Knuth	O'Connor	Schoenfeld	Spk. Norton
Dorn	Kostohryz	Ogren	Segal	
Greenfield	Krueger	Olson, E.	Simoneau	
Jacobs	Larsen	Olson, K.	Skoglund	
Jaros	Lasley	Otis	Solberg	

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

Wenzel and Beard offered an amendment to H. F. No. 529, the first engrossment, as amended.

Schreiber requested a division of the amendment.

The portion of the Wenzel and Beard amendment to be voted upon first reads as follows:

Page 13, line 19, delete "8.2" and insert "8.3"

Page 13, line 21, delete "9.2" and insert "9.3"

Page 13, line 30, delete "8.4" and insert "8.5"

Page 13, line 32, delete "9.4" and insert "9.5"

Page 15, line 5, delete "8.2" and insert "8.3"

Page 15, line 7, delete "9.2" and insert "9.3"

Page 15, line 16, delete "8.4" and insert "8.5"

Page 15, line 18, delete "9.4" and insert "9.5"

Page 16, line 28, delete "8.2" and insert "8.3"

Page 16, line 30, delete "9.2" and insert "9.3"

Page 17, line 3, delete "8.4" and insert "8.5"

Page 17, line 5, delete "9.4" and insert "9.5"

A roll call was requested and properly seconded.

The question was taken on the portion of the Wenzel and Beard amendment to be voted upon first and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 10 yeas and 122 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Jaros	Ogren	Welle
Beard	Cooper	Krueger	Sarna	Wenzel

Those who voted in the negative were:

Anderson, R.	Gutknecht	Marsh	Ozment	Skoglund
Battaglia	Hartle	McDonald	Pappas	Solberg
Bauerly	Haukoos	McEachern	Pauly	Sparby
Begich	Heap	McKasy	Pelowski	Stanius
Bennett	Himle	McLaughlin	Peterson	Steensma
Bertram	Hugoson	McPherson	Poppenhagen	Sviggum
Bishop	Jacobs	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Thiede
Boo	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Munger	Rest	Trimble
Carlson, L.	Johnson, R.	Murphy	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Richter	Uphus
Clark	Kahn	Nelson, D.	Riveness	Valento
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Vellenga
DeBlick	Kelso	O'Connor	Rukavina	Voss
Dempsey	Kinkel	Olsen, S.	Schafer	Wagenius
Dille	Kludt	Olson, E.	Scheid	Waltman
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omamm	Schreiber	Wynia
Frederick	Larsen	Onnen	Seaberg	Spk. Norton
Frerichs	Lasley	Orenstein	Segal	
Greenfield	Lieder	Osthoff	Shaver	
Gruenes	Long	Otis	Simoneau	

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

The portion of the Wenzel and Beard amendment to be voted upon last reads as follows:

Page 6, line 14, delete "and"

Page 7, line 1, before the period insert "; and

(4) 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 subtraction does not apply to compensation defined in section 290.06, subdivision 20"

A roll call was requested and properly seconded.

The question was taken on the portion of the Wenzel and Beard amendment to be voted upon last and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Jennings	Onnann	Stanius
Anderson, R.	DeBlicck	Johnson, R.	Onnen	Sviggum
Bauerly	Dempsey	Johnson, V.	Ozment	Swenson
Beard	Dille	Knuth	Pauly	Thiede
Bennett	Forsythe	Krueger	Poppenhagen	Tjornhom
Bertram	Frederick	Marsh	Quist	Tompkins
Bishop	Frerichs	McDonald	Redalen	Uphus
Blatz	Gruenes	McKasy	Richter	Valento
Boo	Hartle	McPherson	Rose	Waltman
Brown	Haukoos	Miller	Sarna	Wenzel
Burger	Heap	Morrison	Schafer	
Carlson, D.	Himle	Nelson, C.	Schreiber	
Clausnitzer	Hugoson	Olsen, S.	Seaberg	

Those who voted in the negative were:

Battaglia	Jensen	Lieder	Ogren	Reding
Begich	Johnson, A.	Long	Olson, E.	Rest
Carlson, L.	Kahn	McLaughlin	Olson, K.	Rice
Carruthers	Kalis	Milbert	Orenstein	Riveness
Clark	Kelly	Minne	Osthoff	Rodosovich
Dauner	Kelso	Munger	Otis	Rukavina
Dorn	Kinkel	Murphy	Pappas	Scheid
Greenfield	Kludt	Nelson, D.	Pelowski	Schoenfeld
Jacobs	Kostohryz	Nelson, K.	Peterson	Segal
Jaros	Larsen	Neuenschwander	Price	Shaver
Jefferson	Lasley	O'Connor	Quinn	Simoneau

Skoglund  
Solberg  
Sparby

Steensma  
Trimble  
Tunheim

Vanasek  
Vellenga  
Voss

Wagenius  
Welle  
Winter

Wynia  
Spk. Norton

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

H. F. No. 529 was read for the third time, as amended.

The Speaker called Simoneau to the Chair.

The Speaker resumed the Chair.

H. F. No. 529, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the methods of administering, collecting, and enforcing taxes; changing the computation, administration, and payment of aids, credits, and refunds; imposing taxes; limiting taxing powers; transferring governmental powers and duties; allocating bonding authority; making entitlement allocations to the cities of Minneapolis and St. Paul; making technical corrections and clarifications; imposing and increasing fees, interest, and penalties; appropriating money; amending Minnesota Statutes 1986, sections 16A.15, subdivisions 1 and 6; 16A.1541; 16A.26; 16A.275; 60A.13, subdivision 1a; 60A.15, subdivision 1; 60A.199, subdivisions 1, 2, 3, 5, 7, 8, 9, 10, and 11; 60A.209, subdivisions 1 and 3; 60A.24; 60C.06, by adding a subdivision; 64B.39, subdivision 4; 67A.11, subdivision 3; 69.011, subdivisions 1 and 2; 69.021, subdivisions 1, 2, and 3; 69.54; 69.55; 79.34, subdivision 1, and by adding a subdivision; 88.49, by adding a subdivision; 121.904, subdivisions 11a and 11b; 124.195, subdivision 2; 124.2131, subdivisions 1, 2, 3, 5, 6, 7, 8, and 11; 124.38, subdivision 8; 124A.02, subdivisions 3a and 8; 124A.035, subdivision 5; 124A.08, subdivision 5; 134.33, subdivision 1; 134.34, subdivisions 1 and 2; 176.129, by adding a subdivision; 176A.08; 239.10; 270.066; 270.074, subdivision 3; 270.075, subdivision 1; 270.10, subdivisions 1 and 4; 270.11, subdivisions 1 and 2; 270.12, subdivisions 2 and 3; 270.13; 270.72, subdivisions 1 and 2; 270.77; 270.80, subdivision 2; 270.87; 270A.07, subdivision 1; 271.21, subdivision 2; 272.01, subdivisions 2 and 3; 272.02, subdivision 1, and by adding a subdivision; 272.115, subdivision 2; 273.061, subdivisions 1 and 8; 273.065; 273.11, by adding a subdivision; 273.1102; 273.1103; 273.12; 273.13, subdivision 22; 273.1312, subdivision 4; 273.1313, subdivisions 1, 2, and by adding a subdivision; 273.1314, subdivisions 8, 9, 10, and by adding a subdivision; 273.1392; 273.1393; 273.19, subdivisions 1, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 274.14; 274.16; 275.07, subdivision 1; 275.125, subdivisions 9, 9b, and 15; 275.51, subdivision 3h; 276.04; 276.11; 277.01; 278.05, subdivision 4; 279.01, subdivision 1; 282.014; 282.02; 282.33, subdivision 1; 287.05, subdivision 1; 287.09; 287.12; 287.21, subdivision 1; 287.22;

287.25; 287.29, subdivision 1; 290.01, subdivisions 4, 5, 7, 19, 20, 22, and by adding subdivisions; 290.02; 290.03; 290.032, subdivisions 1 and 2; 290.05, subdivisions 1, 2, and 3; 290.06, subdivisions 1, 2c, 2d, and by adding a subdivision; 290.068, subdivisions 1, 2, 3, 4, and 5; 290.069, subdivisions 2a and 4b; 290.077, subdivision 1; 290.081; 290.091, subdivisions 1, 2, and 3; 290.095, subdivisions 1, 2, 3, 4, 7, 9, and 11; 290.12, subdivision 2; 290.131, subdivision 1; 290.132, subdivision 1; 290.133, subdivision 1; 290.134, subdivision 1; 290.135, subdivision 1; 290.136, subdivision 1; 290.138, subdivision 3; 290.14; 290.17; 290.171; 290.20, subdivision 1, and by adding a subdivision; 290.21, subdivisions 3 and 4; 290.23, subdivisions 3 and 5; 290.31, subdivisions 2, 3, 5, and by adding a subdivision; 290.34, subdivision 2; 290.35; 290.36; 290.37, subdivisions 1 and 3; 290.38; 290.39, subdivision 3; 290.41, subdivisions 2 and 3; 290.42; 290.45, subdivisions 1 and 2; 290.46; 290.48, subdivision 10; 290.491; 290.50, subdivision 1; 290.53, subdivisions 1, 2, 3a, 4, and by adding subdivisions; 290.56, subdivisions 2, 3, and 4; 290.92, subdivisions 2a, 4a, 5, 5a, 6, 7, 9, 11, 12, 13, 14, 15, 18, 24, and 25; 290.93, subdivision 10; 290.934, subdivision 2; 290.9725; 290.9726, subdivisions 1, 2, and 4; 290.974; 290A.03, subdivisions 3, 8, and by adding a subdivision; 290A.04, subdivision 2; 290A.06; 290A.011, subdivision 2; 290A.18; 290A.19; 291.131, subdivisions 1, 2, 4, and by adding a subdivision; 295.01, subdivision 10; 295.32; 295.34, subdivision 1; 295.39; 295.40; 295.41; 295.43; 296.02, subdivision 2, and by adding a subdivision; 296.025, subdivision 2, and by adding a subdivision; 296.17, subdivisions 3, 7, and 11; 296.18, subdivision 7; 297.01, subdivisions 2, 4, 7, and 10; 297.02, subdivisions 1 and 6; 297.03, subdivisions 1, 5, and 6; 297.04, subdivisions 4, 6, and 9; 297.07, subdivisions 1, 3, 4, and 5; 297.11, subdivisions 3 and 5; 297.23, subdivision 1; 297.31, subdivisions 2, 3, and 7; 297.32, subdivisions 1, 2, and 8; 297.33, subdivisions 4 and 5; 297.35, subdivisions 1, 3, 5, and 8; 297.36; 297A.01, subdivisions 3, 4, 8, and 15; 297A.14; 297A.151; 297A.18; 297A.211, subdivision 2; 297A.25, subdivisions 7, 11, 12, and by adding subdivisions; 297A.256; 297A.26, subdivision 1; 297A.27, subdivision 1; 297A.275; 297A.39, subdivisions 1, 2, 4, and by adding a subdivision; 297A.43; 297B.01, subdivision 8; 297B.10; 297C.03, subdivision 1, and by adding a subdivision; 297C.04; 297C.05, subdivision 2; 297C.06; 297C.09; 297D.02; 297D.07; 297D.09; 297D.10; 297D.12, subdivision 1; 297D.13; 298.01, subdivision 1, and by adding subdivisions; 298.026; 298.027; 298.028, subdivision 1; 298.03, subdivision 1; 298.031, subdivision 2; 298.08; 298.09, subdivision 1; 298.25; 298.28, subdivision 4; 299F.21, subdivisions 1, 2, and by adding subdivisions; 325D.30; 325D.32, subdivisions 4, 10, 11, and 12; 325D.33, subdivisions 1, 2, and by adding subdivisions; 325D.38, subdivision 1; 325D.40, subdivision 1; 349.12, subdivisions 11 and 13; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4, 6, 7, and by adding subdivisions; 360.531, subdivision 2; 462C.11, subdivisions 2 and 3; 473.556, subdivision 4; 473F.02, subdivision 12; 474A.02, subdivisions 1, 2, 3, 6, 7, 8, 12, 14, 16, 18, 19, 21, 26, and by adding subdivisions; 474A.03, subdivision 1, and by adding a subdivision; 474A.04, subdivisions 5, 6, and by adding a subdivision; 474A.13,

subdivisions 1, 4, and 5; 474A.14; 474A.15; 474A.16; 474A.17; 474A.18; 474A.20; 474A.21; 475.53, subdivision 4; 477A.012, subdivision 1; 477A.013; 477A.018, subdivisions 1, 2, 3, 6, and by adding a subdivision; Laws 1985, First Special Session chapter 14, article 3, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 239; 270; 272; 273; 276; 290; 290A; 294; 297; 297A; 297C; 298; 349; 429, and 474A; repealing Minnesota Statutes 1986, sections 60A.15, subdivision 2; 61A.49; 62E.13, subdivision 9; 64B.24; 69.021, subdivision 3a; 124.38, subdivision 10; 270.75, subdivision 8; 270.89; 282.021; 290.01, subdivisions 20a, 20b, 20d, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.068, subdivision 6; 290.069, subdivisions 1, 2, 3, 5, 6, and 7; 290.07, subdivision 5; 290.071; 290.073; 290.075; 290.077, subdivision 3; 290.079; 290.08; 290.082; 290.085; 290.088; 290.089; 290.09; 290.095, subdivisions 8 and 10; 290.12, subdivision 4; 290.13; 290.139; 290.15; 290.16; 290.165; 290.175; 290.18; 290.19; 290.21, subdivisions 5, 6, and 8; 290.26, subdivision 2; 290.361; 290.9726, subdivisions 3, 5, and 6; 290A.04, subdivisions 2e and 2g; 294.21; 294.22; 294.23; 294.24; 294.25; 294.26; 295.32; 295.33; 295.34; 295.36; 295.365; 295.366; 296.04, subdivisions 1, 2, 3, and 4; 296.05; 296.07; 296.13; 296.17, subdivision 12; 296.18, subdivisions 4, 5, 6, and 7; 296.22; 296.28; 297.07, subdivision 6; 297.23, subdivision 5; 297.35, subdivisions 4, 6, and 7; 297A.25, subdivisions 13, and 19; 297A.26, subdivision 3; 297C.03, subdivisions 2 and 3; 297C.05, subdivision 4; 298.01, subdivision 1; 298.02; 298.026; 298.027; 298.028; 298.03; 298.031; 298.04; 298.28, subdivision 14; 298.40; 298.51; 298.52; 298.53; 298.54; 298.55; 298.61; 298.62; 298.63; 298.64; 298.65; 298.66; 298.67; 299.01; 299.012; 299.013; 299.02; 299.03; 299.04; 299.05; 299.06; 299.07; 299.08; 299.09; 299.10; 299.11; 299.12; 299.13; 299.14; 325D.41; 360.654; 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19; Laws 1981, chapters 222, section 6; 223, section 6, subdivision 3; Laws 1985, First Special Session chapter 14, article 14, section 3; Laws 1986, First Special Session chapter 1, article 5, section 8.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 74 yeas and 59 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Johnson, A.	McLaughlin	Pelowski	Solberg
Battaglia	Kahn	Milbert	Peterson	Sparby
Bauerly	Kalis	Minne	Price	Steenasma
Beard	Kelly	Munger	Quinn	Trimble
Begich	Kelso	Murphy	Reding	Tunheim
Brown	Kinkel	Nelson, C.	Rest	Vanasek
Carlson, L.	Kludt	Nelson, D.	Rice	Vellenga
Carruthers	Knuth	Nelson, K.	Riveness	Voss
Dauner	Kostohryz	Neuenschwander	Rodosovich	Wagenius
DeBlicek	Krueger	O'Connor	Rukavina	Welle
Dorn	Larsen	Ogren	Sarna	Wenzel
Greenfield	Lasley	Olson, E.	Schoenfeld	Winter
Jacobs	Lieder	Olson, K.	Segal	Wynia
Jaros	Long	Otis	Simoneau	Spk. Norton
Jefferson	McEachern	Pappas	Skoglund	

## Those who voted in the negative were:

Anderson, R.	Dille	Jensen	Orenstein	Seaberg
Bennett	Forsythe	Johnson, R.	Osthoff	Shaver
Bertram	Frederick	Johnson, V.	Ozment	Stanius
Bishop	Frerichs	Marsh	Pauly	Svigum
Blatz	Gruenes	McDonald	Poppenhagen	Swenson
Boo	Gutknecht	McKasy	Quist	Thiede
Burger	Hartle	McPherson	Redalen	Tjornhom
Carlson, D.	Haukoos	Miller	Richter	Tompkins
Clark	Heap	Morrison	Rose	Uphus
Clausnitzer	Himle	Olsen, S.	Schafer	Valento
Cooper	Hugoson	Omann	Scheid	Waltman
Dempsey	Jennings	Onnen	Schreiber	

The bill was passed, as amended, and its title agreed to.

Vanasek 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 Speaker pro tempore Long.

## CALL OF THE HOUSE LIFTED

Vanasek moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

## 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. 839, A bill for an act relating to public safety; local emergency telephone service; requiring automatic location identification for public safety answering points; amending Minnesota Statutes 1986, section 403.02, subdivision 6, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

### CONCURRENCE AND REPASSAGE

Rukavina 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 public safety; local emergency telephone service; requiring automatic location identification for public safety answering points under certain circumstances; amending Minnesota Statutes 1986, section 403.02, subdivision 6, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 108 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Jaros	Larsen	Nelson, D.
Anderson, R.	Dauner	Jefferson	Lasley	Nelson, K.
Battaglia	DeBlicck	Jennings	Lieder	Neuenschwander
Bauerly	Dempsey	Jensen	Long	O'Connor
Beard	Dorn	Johnson, R.	Marsh	Ogren
Begich	Forsythe	Kahn	McDonald	Olsen, S.
Bennett	Frederick	Kalis	McKasy	Olsen, E.
Bertram	Greenfield	Kelly	McPherson	Olson, K.
Bishop	Gruenes	Kelso	Milbert	Omamm
Blatz	Gutknecht	Kinkel	Minne	Onnen
Burger	Hartle	Kludt	Morrison	Orenstein
Carlson, L.	Heap	Knuth	Munger	Otis
Carruthers	Himle	Kostohryz	Murphy	Ozment
Clark	Jacobs	Krueger	Nelson, C.	Pappas



Pauly	Rose	Segal	Swenson	Voss
Peterson	Rukavina	Shaver	Tompkins	Welle
Price	Sarna	Simoneau	Trimble	Wenzel
Quinn	Schafer	Skoglund	Tunheim	Winter
Redalen	Scheid	Solberg	Uphus	Wynia
Reding	Schoenfeld	Sparby	Valento	Spk. Norton
Riveness	Schreiber	Stanius	Vanasek	
Rodosovich	Seaberg	Steensma	Vellenga	

Those who voted in the negative were:

Clausnitzer	Hugoson	Miller	Sviggum	Waltman
Frerichs	Johnson, V.	Poppenhagen	Thiede	
Haukoos	McEachern	Richter	Tjornhom	

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. 750, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in East Grand Forks, Polk county.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Lieder moved that the House concur in the Senate amendments to H. F. No. 750 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 750, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in East Grand Forks, Polk 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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, L.	DeBlicke	Greenfield
Anderson, R.	Bertram	Carruthers	Dempsey	Gruenes
Battaglia	Bishop	Clark	Dille	Gutknecht
Bauerly	Blatz	Clausnitzer	Dorn	Hartle
Beard	Brown	Cooper	Forsythe	Haukoos
Begich	Burger	Dauner	Frederick	Heap

Himle	Larsen	O'Connor	Reding	Steensma
Hugoson	Lasley	Ogren	Rice	Sviggum
Jacobs	Lieder	Olsen, S.	Richter	Swenson
Jaros	Long	Olson, E.	Rodosovich	Thiede
Jefferson	Marsh	Olson, K.	Rose	Tjornhom
Jennings	McEachern	Omann	Rukavina	Trimble
Jensen	McKasy	Onnen	Sarna	Tunheim
Johnson, A.	McLaughlin	Orenstein	Schafer	Uphus
Johnson, R.	McPherson	Otis	Scheid	Valento
Johnson, V.	Milbert	Ozment	Schoenfeld	Vanasek
Kahn	Miller	Pappas	Schreiber	Vellenga
Kalis	Minne	Pauly	Seaberg	Voss
Kelly	Morrison	Pelowski	Segal	Waltman
Kelso	Munger	Peterson	Shaver	Welle
Kinkel	Murphy	Poppenhagen	Simoneau	Wenzel
Kludt	Nelson, C.	Price	Skoglund	Winter
Knuth	Nelson, D.	Quinn	Solberg	Spk. Norton
Kostohryz	Nelson, K.	Quist	Sparby	
Krueger	Neuenschwander	Redalen	Stanius	

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. 1296.

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. 678 and 863.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1296, A bill for an act relating to Gillette Children's Hospital; clarifying the hospital's exemption from certain tax provisions; amending Minnesota Statutes 1986, section 250.05, by adding subdivisions.

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

S. F. No. 678, A bill for an act relating to natural resources; authorizing Rice Creek watershed district to increase the administrative fund amount.

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

S. F. No. 863, A bill for an act relating to horse racing; authorizing the racing commission to issue an additional license for a racetrack in the seven-county metropolitan area to be used for standard-bred racing; amending Minnesota Statutes 1986, sections 240.06, by adding a subdivision; and 240.14, subdivision 1.

The bill was read for the first time.

Reding moved that S. F. No. 863 and H. F. No. 905, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding General Orders pending for today, Wednesday, April 29, 1987:

H. F. Nos. 1327, 1507, 856, 674 and 668; S. F. No. 282; H. F. Nos. 905, 283, 872, 1111, 1193, 1308, 1444, 388, 413, 609, 305, 630, 931 and 1045; S. F. No. 482; H. F. No. 730; S. F. No. 53; H. F. Nos. 226 and 268.

#### CONSENT CALENDAR

S. F. No. 157 was reported to the House.

Blatz and Quinn moved to amend S. F. No. 157, as follows:

Page 5, line 25, delete "January" and insert "August"

The motion prevailed and the amendment was adopted.

S. F. No. 157, A bill for an act relating to property interests; enacting the uniform statutory rule against perpetuities; amending Minnesota Statutes 1986, section 500.17, subdivision 2; proposing

coding for new law as Minnesota Statutes, chapter 501A; repealing Minnesota Statutes 1986, section 500.13.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Himle	McLaughlin	Peterson	Stanius
Bertram	Hugoson	McPherson	Poppenhagen	Steensma
Bishop	Jacobs	Milbert	Price	Swiggum
Blatz	Jaros	Miller	Quinn	Swenson
Brown	Jefferson	Minne	Quist	Thiede
Burger	Jennings	Morrison	Redalen	Tjornhom
Carlson, D.	Jensen	Munger	Reding	Tompkins
Carlson, L.	Johnson, A.	Murphy	Rest	Trimble
Carruthers	Johnson, R.	Nelson, C.	Rice	Tunheim
Clark	Johnson, V.	Nelson, D.	Richter	Uphus
Clausnitzer	Kahn	Nelson, K.	Riveness	Vanasek
Cooper	Kalis	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelly	O'Connor	Rose	Voss
DeBlicke	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knuth	Olson, E.	Schafer	Welle
Dorn	Kostohryz	Olson, K.	Scheid	Wenzel
Forsythe	Krueger	Omann	Schoenfeld	Winter
Frederick	Larsen	Onnen	Schreiber	Wynia
Frerichs	Lasley	Orenstein	Seaberg	Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 161, A bill for an act relating to veterans; requiring the commissioner to establish a certification process for veterans service officers; amending Minnesota Statutes 1986, section 197.605, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Carlson, D.	Clausnitzer
Anderson, R.	Begich	Blatz	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner
Bauerly	Bertram	Burger	Clark	DeBlicke

Dempsey	Kalis	Murphy	Quist	Steensma
Dille	Kelly	Nelson, C.	Redalen	Sviggum
Dorn	Kelso	Nelson, D.	Reding	Swenson
Forsythe	Kinkel	Nelson, K.	Rest	Thiede
Frederick	Kludd	Neuenschwander	Rice	Tjornhom
Frerichs	Knuth	O'Connor	Richter	Tompkins
Greenfield	Kostohryz	Ogren	Riveness	Trimble
Gruenes	Krueger	Olson, S.	Rodosovich	Tunheim
Gutknecht	Larsen	Olson, E.	Rose	Uphus
Hartle	Lasley	Olson, K.	Rukavina	Valento
Haukoos	Lieder	Omann	Sarna	Vanasek
Heap	Long	Onnen	Schafer	Vellenga
Himle	Marsh	Orenstein	Scheid	Voss
Hugoson	McDonald	Osthoff	Schoenfeld	Wagenius
Jacobs	McEachern	Otis	Schreiber	Waltman
Jaros	McKasy	Ozment	Seaberg	Welle
Jefferson	McLaughlin	Pappas	Segal	Wenzel
Jennings	McPherson	Pauly	Shaver	Winter
Jensen	Milbert	Pelowski	Simoneau	Wynia
Johnson, A.	Miller	Peterson	Skoglund	Spk. Norton
Johnson, R.	Minne	Poppenhagen	Solberg	
Johnson, V.	Morrison	Price	Sparby	
Kahn	Munger	Quinn	Stanius	

The bill was passed and its title agreed to.

S. F. No. 721, A bill for an act relating to veterans; requiring the placement of a plaque on the Capitol grounds recognizing certain prisoners of war and soldiers missing in action.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Kelso	Nelson, D.	Reding
Anderson, R.	Forsythe	Kinkel	Nelson, K.	Rest
Battaglia	Frederick	Kludd	Neuenschwander	Rice
Bauerly	Frerichs	Knuth	O'Connor	Richter
Beard	Greenfield	Kostohryz	Ogren	Riveness
Begich	Gruenes	Krueger	Olson, S.	Rodosovich
Bennett	Gutknecht	Larsen	Olson, E.	Rose
Bertram	Hartle	Lasley	Olson, K.	Rukavina
Bishop	Haukoos	Lieder	Omann	Sarna
Blatz	Heap	Long	Onnen	Schafer
Boo	Himle	Marsh	Orenstein	Scheid
Brown	Hugoson	McDonald	Osthoff	Schoenfeld
Burger	Jacobs	McEachern	Otis	Schreiber
Carlson, D.	Jaros	McKasy	Ozment	Seaberg
Carlson, L.	Jefferson	McLaughlin	Pappas	Segal
Carruthers	Jennings	McPherson	Pauly	Shaver
Clark	Jensen	Milbert	Pelowski	Simoneau
Clausnitzer	Johnson, A.	Miller	Peterson	Skoglund
Cooper	Johnson, R.	Minne	Poppenhagen	Solberg
Dauner	Johnson, V.	Morrison	Price	Sparby
Dauner	Kahn	Munger	Quinn	Stanius
DeBlick	Kalis	Murphy	Quist	Steensma
Dempsey	Kelly	Nelson, C.	Redalen	Sviggum

Swenson	Trimble	Vanasek	Waltman	Wynia
Thiede	Tunheim	Vellenga	Welle	Spk. Norton
Tjornhom	Uphus	Voss	Wenzel	
Tompkins	Valento	Wagenius	Winter	

The bill was passed and its title agreed to.

S. F. No. 1349, A bill for an act relating to state departments and agencies; renaming the division of emergency services; amending Minnesota Statutes 1986, section 12.04.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Onnen	Schreiber
Anderson, R.	Greenfield	Lasley	Orenstein	Seaberg
Battaglia	Gruenes	Lieder	Osthoff	Segal
Bauerly	Gutknecht	Long	Otis	Shaver
Beard	Hartle	Marsh	Ozment	Simoneau
Begich	Haukoos	McDonald	Pappas	Skoglund
Bennett	Heap	McEachern	Pauly	Solberg
Bertram	Himle	McKasy	Pelowski	Sparby
Bishop	Hugoson	McLaughlin	Peterson	Stanius
Blatz	Jacobs	McPherson	Poppenhagen	Steensma
Boo	Jaros	Milbert	Price	Sviggum
Brown	Jefferson	Miller	Quinn	Swenson
Burger	Jennings	Minne	Quist	Tjornhom
Carlson, D.	Jensen	Morrison	Redalen	Tompkins
Carlson, L.	Johnson, A.	Munger	Reding	Trimble
Carruthers	Johnson, R.	Murphy	Rest	Tunheim
Clark	Johnson, V.	Nelson, C.	Rice	Uphus
Clausnitzer	Kahn	Nelson, D.	Richter	Valento
Cooper	Kalis	Nelson, K.	Riveness	Vanasek
Dauner	Kelly	Neuenschwander	Rodosovich	Vellenga
DeBlicke	Kelso	O'Connor	Rose	Voss
Dempsey	Kinkel	Ogren	Rukavina	Waltman
Dille	Kludt	Olsen, S.	Sarna	Welle
Dorn	Knuth	Olson, E.	Schafer	Wenzel
Forsythe	Kostohryz	Olson, K.	Scheid	Winter
Frederick	Krueger	Omann	Schoenfeld	Wynia
				Spk. Norton

Those who voted in the negative were:

Thiede

The bill was passed and its title agreed to.

### SPECIAL ORDERS

H. F. No. 463 was reported to the House.

Greenfield moved to amend H. F. No. 463, the first engrossment, as follows:

Page 20, after line 34, insert:

**"Sec. 31. [MINNEAPOLIS TEACHERS RESTRUCTURING OF RETIREMENT BENEFITS; POSTRETIREMENT ADJUSTMENT MECHANISM.]**

(a) 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 by repealing article IX, subsection (18), authorizing lump sum postretirement adjustments payable to retirees or beneficiaries.

(b) In accordance with Minnesota Statutes, section 354A.12, subdivision 4, if the repeal authorized by paragraph (a) occurs, approval is granted for the Minneapolis teachers retirement fund association to amend or make an addition to its articles of incorporation as follows:

(1) Article IX, subsection (11), authorizing formula retirement annuity benefits, may be amended to authorize all teachers who retired before June 1, 1985, other than persons receiving a money purchase annuity under article IX, subsection (3), receiving a C death benefit under article IX, subsection (4), item C, or receiving a total disability benefit under article IX, subsection (5), to receive as of the first day of the month following the effective date of the amendment a recomputed annuity determined according to the 1975 revised formula annuity without regard to the 30-year service limitation applicable to teachers who retired after May 1, 1974, and before June 1, 1985;

(2) Article IX, subsection (14) D, providing an annual automatic annuity increase of 1½ percent to all annuitants who have been receiving an annuity for at least 24 months and who have attained the age of 65 may be amended to increase the annual automatic increase annuity to two percent per fiscal year on January 1, or July 1, whichever applies, and to extend eligibility for that increase annuity to all annuitants who have been receiving an annuity for at least 12 months, irrespective of the attained age of the annuitant;

(3) Article IX, subsection (14), may be amended by adding a provision authorizing an increase in the annuity of any annuitant who retired on or before July 1, 1986, in the amount of four percent of the annuity the member is otherwise eligible to receive on July 1, 1987, including any other increases granted as of that date under articles of incorporation amendments authorized by the section but excluding the annual automatic increase annuity payable under article IX, subsection (14), item D, on July 1, 1987, for each full year

that the member has been retired and receiving an annuity, to a maximum of 20 percent;

(4) Article IX, subsection (14), may be amended by adding a provision authorizing payment, as of July 1, 1987, of an increase in a normal retirement annuity, joint and survivor annuity or term certain optional annuity of retired teachers of the positive dollar amount difference between a minimum normal retirement annuity equal to \$25 per month for each full year of teaching service, to a maximum of 30 years, and the amount of the normal retirement annuity, joint and survivor annuity or term certain optional annuity payable on June 1, 1987, to retired teachers who were members of the basic program, who ceased active teaching service in the city public schools, who are receiving a normal retirement annuity and who have not withdrawn a portion of required member deposits upon applying for the normal retirement annuity. If the difference is not a positive dollar amount, no increase shall be payable and no reduction shall be imposed. For persons to whom a remainder portion of a joint and survivor annuity or a term certain optional annuity is payable, a proportional increase is payable; and

(5) Article IX may be amended by adding a new subsection providing for an investment related postretirement adjustment mechanism. An annual postretirement may be paid if there is any excess investment income. The determination shall be made by the board of trustees in consultation with the actuary retained by the legislative commission on pensions and retirement. The fund has excess investment income if the time weighted total rate of return earned by the fund over the most recent three-year fiscal year period has exceeded the rate of eight percent or the applicable postretirement interest rate assumption specified in Minnesota Statutes, section 356.215, subdivision 4d, whichever is greater. In determining the total rate of return, the board shall use the formula or formulas established by the state board of investment under Minnesota Statutes, section 11A.04, clause (11) and in effect on January 1, 1987. The amount by which the excess investment income exceeds the minimum interest rate shall be expressed as a percentage and carried to four decimal places. An annual postretirement adjustment is payable to a person who is receiving an annuity under article IX, subsections (8), (9), or (11), or article XI, subsection (5), who is receiving a death benefit under article IX, subsection (4), or who is receiving a joint and survivor annuity or term certain optional annuity under article IX, subsection (2), clauses (b) or (c), and who has received the annuity or benefit in the person's own right or in combination with the initial recipient of the annuity for at least 12 months as of the determination date. The determination date is June 30 and determinations shall be made as soon as practicable after that date. The board of trustees shall determine the percentage amount of the postretirement adjustment payable, but the percentage amount shall not exceed the amount by which the excess investment income exceeds the minimum interest rate. The



board of trustees shall include in the provision criteria to govern the exercise of its discretion in determining the instances under which an annual postretirement adjustment of less than the full determined percentage is payable. The annual postretirement adjustment is payable on January 1 following the determination date and is payable for the duration of the annuity or benefit.

Sec. 32. [WITHDRAWAL OF AUTHORITY.]

The authority for the amendment of article IX of the articles of incorporation of the Minneapolis teachers retirement fund association adding subsection (18) to provide a lump sum postretirement adjustment to certain annuitants and survivor benefit recipients under Laws 1981, chapter 159, section 1, clause (1) is withdrawn."

Page 20, line 36, after "1987." insert "Sections 31 and 32 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "standards;" insert "changing certain teachers benefits;"

The motion prevailed and the amendment was adopted.

Sarna moved to amend H. F. No. 463, the first engrossment, as amended, as follows:

Page 20, after line 34, insert:

"Sec. 31. Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended by Laws 1953, chapter 127, section 4; Laws 1965, chapter 534, section 1; Laws 1967, chapter 825, section 1; Laws 1969, chapter 258, section 1; Laws 1973, chapter 272, section 1; Laws 1975, chapter 428, section 1; and Laws 1983, chapter 88, section 7, is amended to read:

Sec. 7. [MINNEAPOLIS, CITY OF; ~~POLICEMEN'S~~ POLICE PENSIONS.]

The ~~police~~ police pension fund shall be used only for the payment of:

(a) Service, disability or dependency pensions;

(b) Salaries of the secretary of the association in an amount not to exceed 30 percent of the base salary of a top-grade patrolman and of

the president of the association in an amount not to exceed ten percent of the base salary of a top-grade patrolman;

(c) Expenses of officers and employees of the association in connection with the protection of the fund;

(d) All expenses of operating and maintaining the association;

(e) Hospital and medical insurance for pensioners who have completed 20 years or more of service or permanent disabilitants and widows surviving spouses of deceased active members, disabilitants, or service pensioners who have completed 20 years or more of service of one unit per month, such one unit to be added to the pension otherwise provided for herein; provided that a pensioner or widow surviving spouse may in writing authorize a deduction from their pension for an insurance plan adopted by the association;

(f) Health and welfare benefits of one unit per month in addition to other benefits for members who retire after July 1, 1980, and have completed 20 years or more of service or members who are permanent disabilitants; and

(g) Other expenses authorized by law.

Sec. 32. Laws 1949, chapter 406, section 5, subdivision 1, as amended by Laws 1953, chapter 127, section 5, subdivision 1; Laws 1969, chapter 560, section 1; and Laws 1983, chapter 88, section 8, is amended to read:

Subdivision 1. [PERSON'S MINNEAPOLIS POLICE; PERSONS ENTITLED TO RECEIVE.] The association shall grant pensions payable from the police men's police pension fund in monthly installments, in the manner and for the following purposes:

(1) Any active member of the age of 50 years or more, and any deferred pensioner who performs has performed duty as a member of the police department of the city for 20 five years or more, upon his written application after retiring from such duty, shall and reaching at least age 50 is entitled to be paid monthly during his lifetime a for life a service pension equal to 32 units and an additional unit for each year of such service in excess of 20 years, but after completion of the 25th year of service the member shall receive 40 units thereafter.

(2) Any active member who performs duty as a member of the police department of the city for 20 years or more who retires from such duty before he attains the age of 50 years, upon his written application after reaching the age of 50 years shall be paid monthly during his lifetime a pension equal to 32 units and an additional unit for each year of such service in excess of 20 years, but after

completion of the 25th year of service the member shall receive 40 units thereafter eight units. For full years of service beyond five years, the service pension increases to a maximum of 40 units, as follows:

Sixth through 20th years.....1.6 units per year

21st through 24th years.....1.0 units per year

25th year.....4.0 units.

Fractional years of service may not be used in computing pensions.

(3) To (2) Any active member who shall, after ten five years' service but with less than 20 years' service with the police department of the city, become becomes superannuated so as to be permanently unable to perform his assigned duties, there shall be paid monthly during his lifetime for life a pension equal to 12 two units for ten five years of service and an additional two units for each completed full year of such service over ten five years and less than 20 years.

(4) To (3) Any active member not eligible for a service pension who, while a member of the police department of the city, becomes diseased or sustains an injury while in the service which permanently unfits him the member for the performance of police duties, there shall be paid monthly during his lifetime for life a pension equal to 32 units while so disabled.

Sec. 33. Laws 1949, chapter 406, section 5, subdivision 3, as amended by Laws 1953, chapter 127, section 5, subdivision 2; and Laws 1983, chapter 88, section 9, is amended to read:

Subd. 2. [PAYMENTS, MEMBER SEPARATED FROM THE SERVICE MINNEAPOLIS POLICE; REFUNDS PROHIBITED.] If an active member of the police department of the city is separated from the service after having completed not less than five years of service, under such circumstances that no pension benefits are payable to him or to his widow or to his children, the association shall return to him the sum of \$500, with an additional \$100 for each completed year of service in excess of five. In the event the member is reinstated to police duty all moneys paid him shall be returned to the pension fund within six months from the date of the reinstatement. Failure to do so relieves the association from any liability as to prior years of service credit as to reinstatement date. In case of the death of the member any such sums shall be paid to his heirs, executors, or administrators. No refund of contributions may be made upon separation from service; provided, however, that if an active member dies leaving no surviving spouse or children, the member's heirs, executors, or administrators are entitled to a refund of \$100 for each completed year of service.

Sec. 34. Laws 1949, chapter 406, section 6, subdivision 1, as amended by Laws 1953, chapter 127, section 6; and Laws 1967, chapter 820, section 1, is amended to read:

Subdivision 1. [MINNEAPOLIS POLICE SURVIVOR BENEFITS; PERSONS TO WHOM GRANTED.] The association shall grant pensions or benefits payable from the policemen's police pension fund to any member or to any widow surviving spouse or to any child under 18 years of age or any member from the time and for the following purposes:

When a service pensioner, disability pensioner, or deferred pensioner, or an active member of a relief association dies, leaving

(1) a widow surviving spouse, who was his a legally married wife spouse, residing with him the decedent, and who was married while or prior to the time he the decedent was on the payroll of the police department; and who, in case the deceased member was a service or deferred pensioner, was legally married to the member at least one year before his retirement from the police department; or

(2) a child or children, who were living while the deceased was on the payroll of the police department or born within nine months after the decedent was withdrawn from such the payroll, the widow surviving spouse and child, or children, shall be entitled to a pension, or pensions, as follows:

(a) To the widow surviving spouse of a deceased active member or disabilitant, a pension of 18 units per month for life. If the surviving spouse remarries, the pension ceases as of the date of the remarriage.

(b) To the surviving spouse of a deceased deferred or retired member, a pension of 18 4.5 units per month for her natural life; but, plus an additional nine-tenths of one unit per month for every year of service of the decedent beyond five years to a maximum of 18 units. If she remarry the surviving spouse remarries, the pension shall cease ceases as of the date of the remarriage.

~~(b)~~ (c) To each child of a deceased active member or disabilitant, a pension of six units per month until the child reaches the age of 18 years; or in the case of a child in full-time attendance during the normal school year, in a school approved by the board of directors, until the child receives a bachelor's degree or attains the age of 22 years, whichever occurs first.

(d) To each child of a deceased deferred or retired member, a pension of 1.5 units per month plus three-tenths of one unit per month for every year of service of the decedent beyond five years to a maximum of six units until the child reaches the age of 18 years; or, in the case of a child in full-time attendance during the normal

school year in a school approved by the board of directors, until the child receives a bachelor's degree or attains the age of 22 years, whichever is first.

The total pensions hereunder for the widow surviving spouse and children of a deceased member shall not exceed 32 units per month.

Sec. 35. Laws 1980, chapter 607, article 15, section 9, is amended to read:

Sec. 9. [MINNEAPOLIS POLICE AND FIRE; HEALTH AND WELFARE BENEFIT.] Notwithstanding any law to the contrary, any person who, after July 1, 1980, retires on a service pension with at least 20 years of service or a permanent disability benefit from the Minneapolis police relief association or the Minneapolis firefighters relief association shall be entitled on January 1, 1981, or upon the date of retirement, whichever occurs later, to receive a monthly health and welfare benefit unless the city of Minneapolis elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 4, subdivision 1. The monthly health and welfare benefit shall be an amount equal to one unit as defined pursuant to Laws 1963, Chapter 315, Section 1, Subdivision 3, for the Minneapolis police relief association, or Minnesota Statutes, section 69.45, for the Minneapolis firefighters relief association, whichever is applicable. The monthly health and welfare benefit shall be paid to the retired member unless the retired member designates in writing that the amount be paid to an insurance carrier to defray the cost of any health or welfare related insurance coverage.

Sec. 36. [SAVINGS CLAUSE.]

Nothing in sections 33 to 37 impairs or diminishes the benefits paid to members, spouses, or children of a member of the Minneapolis police relief association or the entitlement that members, spouses, or children had to benefits before the effective date of sections 33 to 37."

Page 20, line 36, delete "DATE" and insert "DATES"

Page 20, after line 36, insert:

"Sections 33 to 38 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021."

Renumber the remaining section

Amend the title as follows:

Page 1, line 3, after "standards;" insert "regulating Minneapolis police pensions;"

Page 1, line 16, delete "and"

Page 1, line 17, after the semicolon insert "Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended; section 5, subdivisions 1, as amended, and 3, as amended; section 6, subdivision 1, as amended; and Laws 1980, chapter 607, article 15, section 9;"

The motion prevailed and the amendment was adopted.

H. F. No. 463, A bill for an act relating to retirement; various public retirement plans and funds; lowering vesting standards; changing certain teachers benefits; regulating Minneapolis police pensions; amending Minnesota Statutes 1986, sections 352.113, subdivision 1; 352.115, subdivision 1; 352.12, subdivision 2; 352.22, subdivision 3; 352.72, subdivision 1; 352.93, subdivision 1; 352B.08, subdivision 1; 352B.11, subdivision 2; 352B.30, subdivision 1; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32, subdivision 1a; 353.33, subdivision 1; 353.34, subdivision 3; 353.651, subdivision 1; 353.657, subdivision 2a; 353.71, subdivision 1; 354.44, subdivision 1; 354.46, subdivision 2; 354.48, subdivision 1; 354.49, subdivision 3; 354.60; 354A.31, subdivisions 1, 5, and 6; 354A.35, subdivision 2; 354A.36, subdivision 1; 354A.39; 356.30, subdivision 1; Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended; section 5, subdivisions 1, as amended, and 3, as amended; section 6, subdivision 1, as amended; and Laws 1980, chapter 607, article 15, section 9; proposing coding for new law in Minnesota Statutes, chapter 423A.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlieck	Jensen	McEachern	Omann
Anderson, R.	Dempsey	Johnson, A.	McKasy	Onnen
Battaglia	Dille	Johnson, R.	McLaughlin	Orenstein
Bauerly	Dorn	Johnson, V.	McPherson	Osthoff
Beard	Forsythe	Kahn	Milbert	Otis
Begich	Frederick	Kalis	Miller	Ozment
Bennett	Frerichs	Kelly	Minne	Pappas
Bertram	Greenfield	Kelso	Morrison	Pauly
Bishop	Gruenes	Kinkel	Munger	Pelowski
Blatz	Gutknecht	Kludt	Murphy	Peterson
Brown	Hartle	Knuth	Nelson, C.	Poppenhagen
Burger	Haukoos	Kostohryz	Nelson, D.	Price
Carlson, D.	Heap	Krueger	Nelson, K.	Quinn
Carlson, L.	Himle	Larsen	Neuenschwander	Quist
Carruthers	Hugoson	Lasley	O'Connor	Redalen
Clark	Jacobs	Lieder	Ogren	Reding
Clausnitzer	Jaros	Long	Olsen, S.	Rest
Cooper	Jefferson	Marsh	Olson, E.	Rice
Dauner	Jennings	McDonald	Olson, K.	Richter

Riveness	Schreiber	Stanius	Tunheim	Welle
Rodosovich	Seaberg	Steenasma	Uphus	Wenzel
Rose	Segal	Sviggum	Valento	Winter
Rukavina	Shaver	Swenson	Vanasek	Wynia
Sarna	Simoneau	Thiede	Vellenga	Spk. Norton
Schafer	Skoglund	Tjornhom	Voss	
Scheid	Solberg	Tompkins	Wagenius	
Schoenfeld	Sparby	Trimble	Waltman	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1327, A bill for an act relating to elections; specifying the time for precinct caucuses; amending Minnesota Statutes 1986, 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. There were 113 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Battaglia	Greenfield	Lasley	Omann	Seaberg
Bauerly	Gutknecht	Lieder	Orenstein	Segal
Beard	Hartle	Long	Otis	Shaver
Begich	Haukoos	Marsh	Ozment	Simoneau
Bennett	Heap	McDonald	Pappas	Skoglund
Bertram	Himle	McEachern	Pauly	Solberg
Bishop	Hugoson	McKasy	Pelowski	Stanius
Blatz	Jacobs	McLaughlin	Peterson	Steenasma
Brown	Jaros	McPherson	Price	Tjornhom
Burger	Jefferson	Milbert	Quinn	Tompkins
Carlson, D.	Jennings	Minne	Redalen	Trimble
Carlson, L.	Jensen	Morrison	Reding	Tunheim
Carruthers	Johnson, R.	Munger	Rest	Uphus
Clark	Johnson, V.	Murphy	Rice	Valento
Clausnitzer	Kahn	Nelson, C.	Riveness	Vanasek
Cooper	Kelly	Nelson, D.	Rodosovich	Voss
Dauner	Kelso	Nelson, K.	Rose	Wagenius
DeBlicck	Kinkel	Neuenschwander	Rukavina	Waltman
Dempsey	Kludt	O'Connor	Sarna	Welle
Dille	Knuth	Ogren	Schafer	Winter
Dorn	Kostohryz	Olsen, S.	Scheid	Spk. Norton
Forsythe	Krueger	Olsen, E.	Schoenfeld	
Frederick	Larsen	Olson, K.	Schreiber	

Those who voted in the negative were:

Anderson, R.	Miller	Poppenhagen	Thiede
Gruenes	Onnen	Sviggum	Wenzel
Kalis	Osthoff	Swenson	

The bill was passed and its title agreed to.

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

H. F. No. 1507, A bill for an act relating to water; prohibiting the commissioner of natural resources from issuing certain permits or approving certain plans for diversion of water from certain water basins before consultation with state and Canadian officials; amending Minnesota Statutes 1986, sections 105.37, by adding subdivisions; 105.405, subdivision 2, and by adding subdivisions; and 105.44, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lieder	Otis	Shaver
Anderson, R.	Greenfield	Long	Ozment	Simoneau
Battaglia	Gruenes	Marsh	Pappas	Skoglund
Bauerly	Gutknecht	McDonald	Pauly	Solberg
Beard	Hartle	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanius
Bennett	Himle	McLaughlin	Poppenhagen	Steensma
Bertram	Hugoson	McPherson	Price	Sviggum
Bishop	Jacobs	Milbert	Quinn	Swenson
Blatz	Jaros	Miller	Quist	Thiede
Boo	Jefferson	Minne	Redalen	Tjornhom
Brown	Jennings	Morrison	Reding	Tompkins
Burger	Jensen	Munger	Rest	Trimble
Carlson, D.	Johnson, R.	Murphy	Rice	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Uphus
Carruthers	Kahn	Nelson, D.	Riveness	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Vellenga
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlieck	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knuth	Olson, E.	Scheid	Wenzel
Dille	Kostohryz	Olson, K.	Schoenfeld	Winter
Dorn	Krueger	Omann	Schreiber	Wynia
Forsythe	Larsen	Onnen	Seaberg	Spk. Norton
Frederick	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 856 was reported to the House.

Bishop moved to amend H. F. No. 856, the first engrossment, as follows:

Page 1, line 20, after "eligible entity" insert "means the following agencies:

Anoka County Community Action Program; Arrowhead Economic Opportunity Agency; Bi-County Community Action Council; Clay-Wilkin Opportunity Council; Community Action for Suburban



Hennepin County; Duluth Community Action Program; Freeborn County Community Action Agency; Goodhue-Rice-Wabasha Citizens Action Council; Inter-County Community Council; Koochiching-Itasca Action Council; Lakes & Pines Community Action Council; Mahube Community Council; Minneapolis Community Action Agency; Minnesota Migrant Council; Minnesota Valley Action Council; Northwest Community Action; Olmsted Community Action Program; Otter Tail-Wadena Community Action Council; Prairie Five Community Action Council; Ramsey Action Programs; Region 6E Community Action Agency; Scott-Carver-Dakota Community Action Agency; Southeastern Minnesota Community Action Council; Southwestern Minnesota Opportunity Council; Tri-County Action Programs; Tri-County Community Action Programs; Tri-Valley Opportunity Council; West Central Minnesota Communities Action; Western Community Action; Wright County Community Action; Boise Forte Reservation Business Committee; Fond Du Lac Reservation; Grand Portage Reservation; Leech Lake Reservation; Lower Sioux Community Council; Mille Lacs Band of Chippewa Indians; Prairie Island Community Council; Red Lake Band of Chippewa Indians; Shakopee-Mdewakanton Community; Upper Sioux Community; and White Earth Reservation Tribal Council; and”

Page 1, line 22, after “from” insert “October 1,”

The motion prevailed and the amendment was adopted.

H. F. No. 856, A bill for an act relating to local government; designating certain counties eligible entities for community action funds; amending Minnesota Statutes 1986, section 268.53, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Frerichs	Jensen	Larsen
Anderson, R.	Carlson, L.	Greenfield	Johnson, A.	Lasley
Battaglia	Caruthers	Gruenes	Johnson, R.	Lieder
Bauerly	Clark	Gutknecht	Johnson, V.	Long
Beard	Clausnitzer	Hartle	Kahn	Marsh
Begich	Cooper	Haukoos	Kalis	McDonald
Bennett	Dauner	Heap	Kelly	McEachern
Bertram	DeBlicek	Himle	Kelso	McKasy
Bishop	Dempsey	Hugoson	Kinkel	McLaughlin
Blatz	Dille	Jacobs	Kludt	McPherson
Boo	Dorn	Jaros	Knuth	Milbert
Brown	Forsythe	Jefferson	Kostobryz	Miller
Burger	Frederick	Jennings	Krueger	Minne

Morrison	Orenstein	Rest	Shaver	Uphus
Munger	Osthoff	Rice	Simoneau	Valento
Murphy	Otis	Richter	Skoglund	Vanasek
Nelson, C.	Ozment	Riveness	Solberg	Vellenga
Nelson, D.	Pappas	Rodosovich	Sparby	Wagenius
Nelson, K.	Pauly	Rose	Stanius	Waltman
Neuenschwander	Pelowski	Rukavina	Steenma	Welle
O'Connor	Peterson	Sarna	Sviggum	Wenzel
Ogren	Poppenhagen	Schafer	Swenson	Winter
Olsen, S.	Price	Scheid	Thiede	Wynia
Olson, E.	Quinn	Schoenfeld	Tjornhom	Spk. Norton
Olson, K.	Quist	Schreiber	Tompkins	
Omann	Redalen	Seaberg	Trimble	
Onnen	Reding	Segal	Tunheim	

The bill was passed, as amended, and its title agreed to.

H. F. No. 674, A bill for an act relating to crimes; dictating circumstances in which the court may stay execution of sentence following conviction for a second or subsequent offense relating to criminal sexual conduct; providing that information regarding a sexual assault victim is private; amending Minnesota Statutes 1986, sections 609.346, subdivisions 2 and 3; and 611A.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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Segal
Anderson, R.	Gruenes	Lieder	Otis	Shaver
Battaglia	Gutknecht	Long	Ozment	Simoneau
Bauerly	Hartle	Marsh	Pappas	Skoglund
Beard	Haukoos	McDonald	Pauly	Solberg
Begich	Heap	McEachern	Pelowski	Sparby
Bennett	Himle	McKasy	Peterson	Stanius
Bertram	Hugoson	McLaughlin	Poppenhagen	Steenma
Blatz	Jacobs	McPherson	Price	Sviggum
Boo	Jaros	Milbert	Quinn	Swenson
Brown	Jefferson	Miller	Quist	Thiede
Burger	Jennings	Minne	Redalen	Tjornhom
Carlson, D.	Jensen	Morrison	Reding	Tompkins
Carlson, L.	Johnson, A.	Munger	Rest	Trimble
Carruthers	Johnson, R.	Murphy	Rice	Tunheim
Clark	Johnson, V.	Nelson, C.	Richter	Uphus
Clausnitzer	Kahn	Nelson, D.	Riveness	Valento
Cooper	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Vellenga
DeBlick	Kelso	O'Connor	Rukavina	Wagenius
Dempsey	Kinkel	Ogren	Sarna	Waltman
Dille	Kludt	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frederick	Krueger	Omann	Schreiber	Wynia
Frerichs	Larsen	Orenstein	Seaberg	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 668, A bill for an act relating to health; extending the moratorium on hospital capacity expansion; amending Laws 1984, chapter 654, article 5, section 57, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Himle	McLaughlin	Peterson	Stanius
Bertram	Hugoson	McPherson	Poppenhagen	Steensma
Blatz	Jacobs	Milbert	Price	Sviggum
Boo	Jefferson	Miller	Quinn	Swenson
Brown	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Munger	Reding	Trimble
Carlson, L.	Johnson, R.	Murphy	Rest	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Rice	Uphus
Clark	Kahn	Nelson, D.	Richter	Valento
Clausnitzer	Kalis	Nelson, K.	Riveness	Vanasek
Cooper	Kelly	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelso	O'Connor	Rose	Wagenius
DeBieck	Kinkel	Ogren	Rukavina	Waltman
Dempsey	Kludt	Olsen, S.	Sarna	Welle
Dille	Knuth	Olson, E.	Schafer	Wenzel
Dorn	Kostohryz	Olson, K.	Scheid	Winter
Forsythe	Krueger	Omann	Schoenfeld	Wynia
Frederick	Larsen	Onnen	Schreiber	Spk. Norton
Frerichs	Lasley	Orenstein	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 282 was reported to the House.

Nelson, K., moved that S. F. No. 282 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 283 was reported to the House.

Johnson, A., moved that H. F. No. 283 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 872, A bill for an act relating to hazardous waste facilities; providing for financial responsibility when an owner or

operator is bankrupt; proposing coding for new law in Minnesota Statutes, chapter 116.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Orenstein	Segal
Anderson, R.	Gruenes	Lieder	Otis	Shaver
Battaglia	Gutknecht	Long	Ozment	Simoneau
Bauerly	Hartle	Marsh	Pappas	Skoglund
Beard	Haukoos	McDonald	Pauly	Solberg
Begich	Heap	McEachern	Pelowski	Sparby
Bennett	Himle	McKasy	Peterson	Stanius
Bertram	Hugoson	McLaughlin	Poppenhagen	Steensma
Blatz	Jacobs	McPherson	Price	Sviggum
Boo	Jaros	Milbert	Quinn	Swenson
Brown	Jefferson	Miller	Quist	Thiede
Burger	Jennings	Minne	Redalen	Tjornhom
Carlson, D.	Jensen	Morrison	Reding	Tompkins
Carlson, L.	Johnson, A.	Munger	Rest	Trimble
Carruthers	Johnson, R.	Murphy	Rice	Tunheim
Clark	Johnson, V.	Nelson, C.	Richter	Uphus
Clausnitzer	Kahn	Nelson, D.	Riveness	Valento
Cooper	Kalis	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelly	Neuenschwander	Rose	Vellenga
DeBlieck	Kelso	O'Connor	Rukavina	Wagenius
Dempsey	Kinkel	Ogren	Sarna	Waltman
Dille	Kludt	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frederick	Krueger	Omann	Schreiber	Wynia
Frerichs	Larsen	Onnen	Seaberg	Spk. Norton

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

H. F. No. 1111 was reported to the House.

Sviggum moved to amend H. F. No. 1111, the first engrossment, as follows:

Page 3, after line 13, insert:

"Sec. 2. Minnesota Statutes 1986, section 609.485, subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Whoever does any of the following may be sentenced as provided in subdivision 4:

(1) Escapes while held in lawful custody on a charge or conviction of a crime, or on an allegation or adjudication of a delinquent act;

(2) Transfers to another, who is in lawful custody on a charge or conviction of a crime, or introduces into an institution in which the latter is confined, anything usable in making such escape, with intent that it shall be so used;

(3) Having another in lawful custody on a charge or conviction of a crime, intentionally permits the other to escape; or

(4) Escapes while in a facility designated under section 253B.18, subdivision 1, pursuant to a court commitment order after a finding of not guilty by reason of mental illness or mental deficiency of a crime against the person, as defined in section 253B.02, subdivision 4a. Notwithstanding section 609.17, no person may be charged with or convicted of an attempt to commit a violation of this clause.

Sec. 3. Minnesota Statutes 1986, section 609.485, subdivision 4, is amended to read:

Subd. 4. [SENTENCE.] Except as otherwise provided in subdivision 3a, whoever violates this section may be sentenced as follows:

(1) If the person who escapes is in lawful custody on a charge or conviction of a felony, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

(2) If the person who escapes is in lawful custody after a finding of not guilty by reason of mental illness or mental deficiency of a crime against the person, as defined in section 253B.02, subdivision 4a, to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both.

(3) If such charge or conviction is for a gross misdemeanor, or if the person who escapes is in lawful custody on an allegation or adjudication of a delinquent act, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

(4) If such charge or conviction is for a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

(5) If the escape was a violation of subdivision 2, clause (1), (2), or (3) and was effected by violence or threat of violence against a person, the sentence may be increased to not more than twice those permitted in clauses (1), (3), and (4).

(6) Unless a concurrent term is specified by the court, a sentence under this section shall be consecutive to any sentence previously

imposed or which may be imposed for any crime or offense for which the person was in custody when the person escaped.

(7) Notwithstanding clause (6), if a person who was committed to the commissioner of corrections under section 260.185 escapes from the custody of the commissioner while 18 years of age, the person's sentence under this section shall commence on the person's nineteenth birthday or on the person's date of discharge by the commissioner of corrections, whichever occurs first. However, if the person described in this clause is convicted under this section after becoming 19 years old and after having been discharged by the commissioner, the person's sentence shall commence upon imposition by the sentencing court.

Sec. 4. [EFFECTIVE DATE.]

Sections 2 and 3 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; providing that it is a prima facie case for reference for prosecution as an adult if a child is alleged to have committed an aggravated felony against the person as a member of an organized gang; making it a crime for an alleged or adjudicated juvenile delinquent who is 18 years old to escape from lawful custody; amending Minnesota Statutes 1986, sections 260.125, subdivision 3; and 609.485, subdivisions 2 and 4."

The motion prevailed and the amendment was adopted.

Otis moved that H. F. No. 1111, as amended, be continued on Special Orders for one day. The motion prevailed.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Anderson, G., moved that his name be stricken as an author on H. F. No. 392. The motion prevailed.

Jacobs moved that the name of Bennett be added as an author on H. F. No. 1148. The motion prevailed.

Pelowski moved that H. F. No. 1326 be recalled from the Committee on Taxes and be re-referred to the Committee on Appropriations. The motion prevailed.

Wynia and Murphy moved that H. F. No. 1045, now on Special Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

McPherson moved that H. F. No. 993 be returned to its author. The motion prevailed.

Dille; Nelson, D.; Nelson, K.; Sparby and Haukoos introduced:

House Resolution No. 43, A House resolution requesting local school boards to adopt a districtwide policy prohibiting the use of tobacco products on school premises.

The resolution was referred to the Committee on Rules and Legislative Administration.

#### ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the following change in standing committee assignments:

Taxes: Remove the names of Osthoff and Scheid.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 12:00 noon, Thursday, April 30, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Thursday, April 30, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTIETH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 30, 1987

The House of Representatives convened at 12:00 noon and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Craig Burton, East Chain Evangelical Free Church, East Chain, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Frerichs	Larsen	Onnen	Segal
Anderson, R.	Greenfield	Lasley	Orenstein	Shaver
Battaglia	Gruenes	Lieder	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Marsh	Ozment	Solberg
Begich	Haukoos	McDonald	Pappas	Sparby
Bennett	Heap	McEachern	Pauly	Stanius
Bertram	Himle	McKasy	Pelowski	Steensma
Bishop	Hugoson	McLaughlin	Peterson	Sviggum
Blatz	Jacobs	McPherson	Poppenhagen	Swenson
Boo	Jaros	Milbert	Price	Thiede
Brown	Jefferson	Miller	Quinn	Tjornhom
Burger	Jennings	Minne	Redalen	Tompkins
Carlson, D.	Johnson, A.	Morrison	Reding	Trimble
Carlson, L.	Johnson, R.	Munger	Rest	Tunheim
Carruthers	Johnson, V.	Murphy	Rice	Uphus
Clark	Kahn	Nelson, C.	Richter	Valento
Clausnitzer	Kalis	Nelson, D.	Riveness	Vanasek
Cooper	Kelly	Nelson, K.	Rodosovich	Vellenga
Dauner	Kelso	Neuenschwander	Rose	Voss
DeBlieck	Kinkel	O'Connor	Rukavina	Wagenius
Dempsey	Kludt	Ogren	Sarna	Waltman
Dille	Knickerbocker	Olsen, S.	Schafer	Wenzel
Dorn	Knuth	Olson, E.	Scheid	Winter
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Wynia
Frederick	Krueger	Omann	Seaberg	Spk. Norton

A quorum was present.

Schreiber and Welle were excused until 1:15 p.m. Quist was excused until 1:45 p.m. Jensen was excused until 2:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Voss 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. 753, 1635, 1365, 1629, 1035, 791, 986, 1200, 1482, 71, 1111, 463 and 856 and S. F. Nos. 678, 863, 1296 and 916 have been placed in the members' files.

S. F. No. 863 and H. F. No. 905, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Reding moved that the rules be so far suspended that S. F. No. 863 be substituted for H. F. No. 905 and that the House File be indefinitely postponed. The motion prevailed.

## REPORTS OF STANDING COMMITTEES

Sarna from the Committee on Commerce to which was referred:

H. F. No. 65, A bill for an act relating to consumer protection; requiring cash refunds for goods returned on certain retail sales; providing an exception; proposing coding for new law in Minnesota Statutes, chapter 325F.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [325F.80] [RETAIL SALES OF CONSUMER GOODS; REFUNDS.]

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

(1) “consumer” means a natural person who buys goods for personal, family, or household purposes and not for commercial, agricultural, or business purposes;

(2) “seller” means a person who regularly sells goods at retail to consumers;

(3) “acceptable” means that the goods returned are in a condition acceptable to the seller using reasonable and objective standards, the goods are returned within a reasonable time from the date of

purchase, and proof of purchase is presented by the consumer at time of return;

(4) "cash refund" means the seller provides the consumer cash at the time of the return; or the seller mails a check to the consumer within a reasonable time following return; or, for sales involving financial transaction cards, as defined in section 325G.02, subdivision 3, or sales in which the seller extends credit to the consumer, the seller credits the account that was charged.

Subd. 2. [CASH REFUNDS REQUIRED.] A seller may not refuse to give a cash refund to a consumer for goods that are acceptable for return unless the seller complies with subdivision 3.

Subd. 3. [NOTICE OF REFUND POLICY.] If a seller wishes to alter the cash refund policy required by this section, written notice of the seller's cash refund policy must be clearly and conspicuously displayed on the premises. The notice must be written in bold face type of a minimum size of 14 points.

Subd. 4. [NONAPPLICATION.] This section does not apply to home solicitation sales, as defined in section 325G.06, goods custom ordered or special ordered by the consumer, or a seller licensed under section 168.27.

Subd. 5. [VIOLATION.] A seller who violates this section is subject to the remedies under section 8.31, except that a civil penalty may not exceed \$500."

Delete the title and insert:

"A bill for an act relating to consumer protection; requiring cash refunds for goods returned on certain retail sales; providing enforcement; proposing coding for new law in Minnesota Statutes, chapter 325F."

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 275, A bill for an act relating to agriculture; establishing a commercial fish raising program; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [17.50] [PROGRAM ESTABLISHMENT.]

The commissioner shall establish and promote a program for the commercial raising of fish in fish farms in consultation with an advisory committee consisting of the University of Minnesota, the commissioner of natural resources, the commissioner of agriculture, the commissioner of energy and economic development, the director of the state planning agency, representatives of private fish raising industry, and the chairs of the environment and natural resources committees of the house of representatives and senate.

Sec. 2. Minnesota Statutes 1986, section 97A.475, is amended by adding a subdivision to read:

Subd. 29a. [FISH FARMS.] The fees for the following licenses to be issued to residents and nonresidents are:

(1) for a fish farm, \$250; and

(2) to take sucker eggs from public waters for a fish farm, \$150, plus \$3 for each quart in excess of 100 quarts.

Sec. 3. [97C.203] [DISPOSAL OF STATE HATCHERY EGGS OR FRY.]

(a) The commissioner shall dispose of game fish eggs and fry according to the following order of priorities:

(1) distribution of fish eggs and fry to state hatcheries to hatch fry or raise fingerlings for stocking waters of the state for recreational fishing;

(2) sale of fish eggs and fry to private fish hatcheries to hatch fry or raise fingerlings to stock waters of this state with fingerlings for recreational fishing; and

(3) sale of fish eggs and fry to private fish hatcheries and fish farms to hatch fry or raise fingerlings for sale.

(b) Until July 1, 1990, the commissioner must make at least two percent of the game fish eggs collected available to private hatcheries.

Sec. 4. [97C.209] [FISH FARMS.]

Subdivision 1. [LICENSE REQUIRED.] A person may not operate a fish farm without a fish farm license. A fish farm is a facility for commercially raising fish for sale or human consumption.

Subd. 2. [ACQUISITION OF FISH.] (a) A person operating a fish farm may not obtain fish or fish eggs outside of the state unless the fish are approved by the commissioner. The commissioner must either approve or deny the acquisition within 30 days after receiving a written request for approval.

(b) If the commissioner denies approval, a written notice must be submitted to the applicant stating the reasons for the denial and the commissioner must:

(1) designate approved sources to obtain the desired fish or fish eggs; or

(2) sell the fish or fish eggs from state fish hatcheries at fair market value.

Subd. 3. [RULES FOR OPERATION.] The commissioner shall prescribe rules that allow a person to maintain and operate a fish farm to raise and dispose of fish. The commissioner shall prescribe and assess a fee to cover the cost of inspection and disease certification of fish farms.

Sec. 5. Minnesota Statutes 1986, section 97C.211, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] A person may not operate a private fish hatchery without a private fish hatchery license. A private fish hatchery is a facility for raising fish for sale for stocking waters.

Sec. 6. Minnesota Statutes 1986, section 97C.211, subdivision 2, is amended to read:

Subd. 2. [RULES FOR OPERATION.] The commissioner shall prescribe rules that allow a person to maintain and operate a private fish hatchery to raise and dispose of fish indigenous to state waters. The commissioner shall establish and assess a fee to cover the cost of inspection and disease certification of private hatcheries.

Sec. 7. Minnesota Statutes 1986, section 97C.211, is amended by adding a subdivision to read:

Subd. 2a. [ACQUISITION OF FISH.] (a) A private fish hatchery may not obtain fish outside of the state unless the fish are approved by the commissioner. The commissioner must either approve or deny the acquisition within 30 days after receiving a written request for approval.

(b) If the commissioner denies approval, a written notice must be submitted to the applicant stating the reasons for the denial and the commissioner must:

(1) designate approved sources to obtain the desired fish or fish eggs; or

(2) sell the fish or fish eggs from state fish hatcheries at fair market value.

Sec. 8. Minnesota Statutes 1986, section 97C.391, is amended to read:

97C.391 [BUYING AND SELLING FISH.]

Subdivision 1. [GENERAL RESTRICTIONS.] A person may not buy or sell fish taken from the waters of this state, except:

(1) minnows;

(2) rough fish excluding ciscoes;

(3) fish taken under licensed commercial fishing operations;

(4) fish raised in a fish farm that are identified as prescribed by the commissioner;

(4) (5) fish raised in a private hatchery that are tagged or labeled or otherwise identified as prescribed by the commissioner; and

(5) (6) fish lawfully taken and subject to sale from other states and countries.

Subd. 2. [RESTRICTIONS ON CERTAIN GAME FISH.] Largemouth bass, smallmouth bass, rock bass, muskellunge, and sunfish may not be bought or sold, unless bought or sold by a private hatchery or fish farm to stock waters for recreational fishing, or as prescribed by the commissioner."

Delete the title and insert:

"A bill for an act relating to natural resources; establishing a commercial fish raising program; amending Minnesota Statutes 1986, sections 97A.475, by adding a subdivision; 97C.211, subdivisions 1 and 2, and by adding a subdivision; and 97C.391; proposing coding for new law in Minnesota Statutes, chapters 17 and 97C."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 373, A bill for an act relating to metropolitan water management; authorizing county ground water plans; requiring consistency of watershed and ground water plans; amending Minnesota Statutes 1986, sections 473.875; 473.876, by adding subdivisions; and 473.878, subdivisions 3, 5, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 473.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

“Section 1. Minnesota Statutes 1986, section 112.53, subdivision 2, is amended to read:

Subd. 2. [MAILING.] The managers shall give notice by mail, within one week after the beginning of publication, to the director and to each person, corporation, and public body that owns property benefited or damaged by the proposed improvement as shown by the engineers and appraisers report. The notice shall contain a brief description of the proposed improvement and state: that the engineer's and appraisers' report are on file with the managers and available for public inspection; the time and place of hearing; and that the addressee's name appears as an affected party.

In the case of a metropolitan county defined in section 473.121, subdivision 4, the notice must also include the following:

- (1) the amount to be specially assessed against the property;
- (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 is authorized;
- (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.”

Page 2, line 15, after the period insert “During a period of five years following the effective date of section 10, an adopted watershed

plan must be reviewed for consistency with an adopted county ground water plan, and revised as necessary, whenever the watershed plan undergoes substantial revision or updating. Thereafter,"

Page 6, line 2, after "and" insert "the performance of"

Page 6, line 12, before "ADVISORY" insert "ASSISTANCE;"

Page 6, line 12, before "To" insert "The county may contract with the Minnesota geological survey, the United States geological survey, a soil and water conservation district, or other public or private agencies or persons for services in performing the county's responsibilities regarding the plan under this section and section 473.878. Counties may enter into agreements with other counties or local units of government under section 471.59 for the performance of these responsibilities."

Page 7, line 8, after "shall" insert "make maximum use of existing and available data and studies in preparing the ground water plan and"

Page 7, line 9, after "plan" insert "relevant data from existing plans and studies and"

Page 9, line 20, delete "1 to 9" and insert "2 to 10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "plans;" insert "relating to notice procedures in certain counties;"

Page 1, line 5, after "sections" insert "112.53, subdivision 2;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 819, A bill for an act relating to human services; regulating medical assistance payments for therapies provided to nursing home residents; permitting sanctions for unnecessary services; providing for monitoring of therapy costs; setting payment criteria; setting recordkeeping and cost-allocation requirements; providing penalties; amending Minnesota Statutes 1986, sections 256.421, subdivision 1; 256.433; 256B.064, subdivision 1a; 256B.47,

subdivision 1, and by adding subdivisions; and 256B.48, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. [GROUNDS FOR MONETARY RECOVERY AND SANCTIONS AGAINST VENDORS.] The commissioner may seek monetary recovery and impose sanctions against vendors of medical care for any of the following: fraud, theft, or abuse in connection with the provision of medical care to recipients of public assistance; a pattern of presentment of false or duplicate claims or claims for services not medically necessary; a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the vendor is legally entitled; suspension or termination as a Medicare vendor; and refusal to grant the state agency access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients. ~~No sanction may be imposed or monetary recovery obtained against any vendor of nursing home or convalescent care for providing services not medically necessary when the services provided were ordered by a licensed health professional not an employee of the vendor.~~ The determination of services not medically necessary shall be made by the commissioner in consultation with a ~~provider~~ peer advisory committee appointed by the commissioner on the recommendation of appropriate professional organizations.

Sec. 2. Minnesota Statutes 1986, section 256B.421, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of this section and sections 256B.41, 256B.411, 256B.431, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502, the following terms and phrases shall have the meaning given to them.

Sec. 3. Minnesota Statutes 1986, section 256B.433, is amended to read:

256B.433 [ANCILLARY SERVICES.]

Subdivision 1. [SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES.] The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in ~~long-term care facilities~~ nursing homes. Payment for materials and services may be made to either the nursing



home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080 or to a nursing home pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. Payment for the same or similar service to a recipient shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner and an advisory committee that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the services and shall require prior authorization for therapy services as a condition of payment or shall impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program.

Subd. 2. [CERTIFICATION THAT TREATMENT IS APPROPRIATE.] The physical therapist, occupational therapist, speech therapist, or audiologist who provides or supervises the provision of therapy services, other than an initial evaluation, to a medical assistance recipient must certify in writing that the therapy's nature, scope, duration, and intensity are appropriate to the medical condition of the recipient every 30 days. The therapist's statement of certification must be maintained in the recipient's medical record together with the specific orders by the physician and the treatment plan. If the recipient's medical record does not include these documents, the commissioner may recover or disallow the payment for such services. The commissioner shall utilize a peer review program that meets the requirements of section 256B.064, subdivision 1a, to make recommendations regarding the medical necessity of services provided.

Subd. 3. [SEPARATE BILLINGS FOR THERAPY SERVICES.] Until new procedures are developed under subdivision 4, payment for therapy services provided to nursing home residents that are billed separate from nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, shall be subject to the following requirements:

(a) The practitioner invoice must include, in a format specified by the commissioner, the provider number of the nursing home where the medical assistance recipient resides regardless of the service setting.

(b) Nursing homes that are related by ownership, control, agreement, affiliation, or employment status to the vendor of therapy

services shall report, in a format specified by the commissioner, the revenues received during the reporting year for therapy services provided to residents of the nursing home. The commissioner shall offset the revenues received during the reporting year for therapy services provided to residents of the nursing home to the total payment rate of the nursing home by dividing the amount of offset by the nursing home's actual resident days. Except as specified in paragraphs (d) and (f), the amount of offset shall be the revenue in excess of 105 percent of the cost removed from the cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. In establishing a new base period for the purpose of setting operating cost payment rate limits and rates, the commissioner shall not include the revenues offset in accordance with this section.

(c) Nursing homes shall limit charges in total to vendors of therapy services for renting space, equipment, or obtaining other services during the rate year to 105 percent of the annualized cost removed from the reporting year cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. If the arrangement for therapy services is changed so that a nursing home is subject to this paragraph instead of paragraph (b), the cost that is used to determine rent must be adjusted to exclude the annualized costs for therapy services that are not provided in the rate year. The maximum charges to the vendors shall be based on the commissioner's determination of annualized cost and may be subsequently adjusted upon resolution of appeals.

(d) The commissioner shall require reporting of all revenues relating to the provision of therapy services and shall establish a therapy cost, as determined by section 256B.47, to revenue ratio for the reporting year ending in 1986. For subsequent reporting years, the ratio may increase five percentage points in total until a new base year is established under paragraph (e). Increases in excess of five percentage points may be allowed if adequate justification is provided to and accepted by the commissioner. Unless an exception is allowed by the commissioner, the amount of offset in paragraph (b) is the greater of the amount determined in paragraph (b) or the amount of offset that is imputed based on one minus the lesser of (1) the actual reporting year ratio or (2) the base reporting year ratio increased by five percentage points, multiplied by the revenues.

(e) The commissioner may establish a new reporting year base for determining the cost to revenue ratio.

(f) If the arrangement for therapy services is changed so that a nursing home is subject to the provisions of paragraph (b) instead of paragraph (c), an average cost to revenue ratio based on the ratios of nursing homes that are subject to the provisions of paragraph (b) shall be imputed for paragraph (d).

(g) This section does not allow unrelated nursing homes to reorganize related organization therapy services and provide services among themselves to avoid offsetting revenues. Nursing homes that are found to be in violation of this provision shall be subject to the penalty requirements of section 256B.48, subdivision 1, paragraph (f).

Subd. 4. [ADVISORY GROUP.] The commissioner shall convene an advisory group consisting of nursing home consumers, therapists from each discipline, and representatives of the nursing home industry. The commissioner, in consultation with the advisory group, shall study alternative methods of payment for therapy services provided to nursing home residents and shall prepare a report with recommendations to the legislature before February 1, 1989.

Sec. 4. Minnesota Statutes 1986, section 256B.47, subdivision 1, is amended to read:

Subdivision 1. [NONALLOWABLE COSTS.] The following costs shall not be recognized as allowable: (1) political contributions; (2) salaries or expenses of a lobbyist, as defined in section 10A.01, subdivision 11, for lobbying activities; (3) advertising designed to encourage potential residents to select a particular nursing home; (4) assessments levied by the commissioner of health for uncorrected violations; (5) legal and related expenses for unsuccessful challenges to decisions by governmental agencies; (6) memberships in sports, health or similar social clubs or organizations; and (7) costs incurred for activities directly related to influencing employees with respect to unionization; and (8) direct and indirect costs of providing services which are billed separately from the nursing home's payment rate or pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. The commissioner shall by rule exclude the costs of any other items not directly related to the provision of resident care.

Sec. 5. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 3. [ALLOCATION OF COSTS.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing residents of nursing homes that are not hospital attached with therapy services that are billed separately from the nursing home payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report as follows:

(a) The costs of wages and salaries for employees providing or participating in providing and consultants providing services shall be allocated to the therapy service based on direct identification.

(b) The costs of fringe benefits and payroll taxes relating to the costs in paragraph (a) must be allocated to the therapy service based on direct identification or the ratio of total costs in paragraph (a) to the sum of total allowable salaries and the costs in paragraph (a).

(c) The costs of housekeeping, plant operations and maintenance, real estate taxes, special assessments, property and insurance, other than the amounts classified as a fringe benefit, must be allocated to the therapy service based on the ratio of service area square footage to total facility square footage.

(d) The costs of bookkeeping and medical records must be allocated to the therapy service either by the method in paragraph (e) or based on direct identification. Direct identification may be used if adequate documentation is provided to, and accepted by, the commissioner.

(e) The costs of administrators, bookkeeping, and medical records salaries, except as provided in paragraph (d), must be allocated to the therapy service based on the ratio of the total costs in paragraphs (a) to (d) to the sum of total allowable nursing home costs and the costs in paragraphs (a) to (d).

Sec. 6. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 4. [ALLOCATION OF COSTS; HOSPITAL-ATTACHED FACILITIES.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing therapy services to residents of a hospital-attached nursing home, when the services are billed separately from the nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report based on the Medicare step-down as prepared in accordance with instructions provided by the commissioner.

Sec. 7. Minnesota Statutes 1986, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing home is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing home may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged

separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be offered to all residents and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing home in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing home. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing home that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing home that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing home may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the home, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of \$100, loan any money to the nursing home, or promise to leave all or part of the applicant's estate to the home;

(c) Requiring any resident of the nursing home to utilize a vendor of health care services who is a licensed physician or pharmacist chosen by the nursing home;

(d) Providing differential treatment on the basis of status with regard to public assistance;

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing home, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing home care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately.

The collection and use by a nursing home of financial information of any applicant pursuant to the preadmission screening program established by section 256B.091 shall not raise an inference that the nursing home is utilizing that information for any purpose prohibited by this paragraph;

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing home except as payment for renting or leasing space or equipment of the nursing home or purchasing support services, if those from the nursing home as limited by section 256B.433. All agreements are must be disclosed to the commissioner; and upon request of the commissioner. Nursing homes and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorneys' fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement home with more than 325 beds including at least 150 licensed nursing home beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the home so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the home to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures

charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the home to permit the applicant to withdraw from the home at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing home or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing home to correct the violation. The nursing home shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing home by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation, and shall remain in effect until the violation is corrected. The nursing home or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing home is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing home to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing home.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only."

Amend the title as follows:

Page 1, line 9, delete "256.421" and insert "256B.421" and delete "256.433" and insert "256B.433"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 894, A bill for an act relating to human services; creating a new chapter establishing a single, unitary process for the deter-

mination of residence and financial responsibility for all human service programs; amending Minnesota Statutes 1986, section 253B.23, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 256G; repealing Minnesota Statutes 1986, sections 256.73, subdivision 4; 256.76, subdivision 2; 256.79; 256B.02, subdivisions 1, 2, and 3; 256D.18; 256D.37, subdivision 3; and 256E.08, subdivision 7.

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

The report was adopted.

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

H. F. No. 913, A bill for an act relating to workers' compensation; making technical changes in benefit levels; authorizing the commissioner of labor and industry to perform various tasks; providing for the determination of medical causation; imposing a filing fee for certain appeals; making various administrative changes; providing penalties; amending Minnesota Statutes 1986, sections 176.011, subdivisions 2 and 7a; 176.101, subdivisions 3a, 3b and 3j; 176.102, subdivisions 2, 3, and 3a; 176.103, subdivisions 2 and 3; 176.105, subdivision 4; 176.129, subdivisions 11 and 13; 176.131, subdivisions 1, 1a, and 8; 176.139; 176.179; 176.181, subdivision 3; 176.182; 176.191, subdivisions 1 and 2; 176.225, subdivision 2; 176.2421, subdivision 1; 176.511, subdivisions 1 and 3; repealing Minnesota Statutes 1986, section 176.243.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 14.48, is amended to read:

**14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE APPOINTED; 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 may hear cases and shall appoint additional administrative law judges and compensation judges to serve in the office as necessary to fulfill the duties



prescribed in sections 14.48 to 14.56 and chapter 176. 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 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 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. 2. Minnesota Statutes 1986, section 175.007, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall appoint an advisory council on workers' compensation, which consists of five representatives of employers and five representatives of employees; five nonvoting members representing the general public; and two persons who have received or are currently receiving workers' compensation benefits under chapter 176 and the chairpersons of the rehabilitation review panel and the medical services review board. The council may consult with any party it desires. The terms and removal of members shall be as provided in section 15.059. The council is not subject to section 15.059, subdivision 5.

Sec. 3. Minnesota Statutes 1986, section 175.101, subdivision 2, is amended to read:

Subd. 2. The commissioner shall keep a full and true record of all proceedings of the workers' compensation division, issue all necessary processes, writs, warrants, and notices which the division is required or authorized to issue and generally act as the administrator of the division of workers' compensation in the department of labor and industry. Notices and other documents required to be served or filed on the division of workers' compensation ~~or the workers' compensation court of appeals~~ shall be served on the commissioner.

Sec. 4. Minnesota Statutes 1986, section 176.011, subdivision 2, is amended to read:

Subd. 2. [CHILD.] "Child" includes a posthumous child, a child entitled by law to inherit as a child of a deceased person, a child of a person adjudged by a court of competent jurisdiction to be the

father of the child, and a stepchild, grandchild, or foster child who was a member of the family of a deceased employee at the time of injury and dependent upon the employee for support. A stepchild is a "child" within the meaning of section 176.041.

Sec. 5. Minnesota Statutes 1986, section 176.011, subdivision 6, is amended to read:

Subd. 6. (1) "Court of appeals" means the workers' compensation court of appeals of Minnesota.

(2) "Division" means the workers' compensation division of the department of labor and industry.

(3) "Department" means the department of labor and industry.

(4) "Commissioner", unless the context clearly indicates otherwise, means the commissioner of labor and industry.

(5) "Office" means the office of administrative hearings.

Sec. 6. Minnesota Statutes 1986, section 176.011, subdivision 7a, is amended to read:

Subd. 7a. [~~COMPENSATION JUDGE.~~] ~~The title referee as used in this chapter, relating to workers' compensation is hereby changed to~~ (1) Compensation judge means a workers' compensation judge at the office of administrative hearings.

(2) "Calendar judge" means a workers' compensation judge at the office of administrative hearings.

(3) "Settlement judge" means a compensation judge at the department of labor and industry. Settlement judges may conduct settlement conferences, issue summary decisions, approve settlements and issue awards thereon, determine petitions for attorney fees and costs, and make other determinations, decisions, orders, and awards as may be delegated to them by the commissioner.

Sec. 7. Minnesota Statutes 1986, section 176.011, subdivision 9, is amended to read:

Subd. 9. [~~EMPLOYEE.~~] "Employee" means any person who performs services for another for hire including the following:

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of any person charged with or suspected of crime and any person requested or commanded to aid an officer in arresting any person, or in retaking any person who has escaped from lawful custody, or in executing any legal process in which case, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;

(4) a county assessor;

(5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision in it. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(6) an executive officer of a corporation, ~~except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c), or an executive officer of a closely held corporation who is referred to in section 176.012~~ those executive officers excluded by section 176.041;

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of human services and state institutions under the commissioner of corrections similar to those of officers and employees of these institutions, and whose services have been accepted or contracted for by the commissioner of human services or the commissioner of corrections as authorized by law, shall be employees. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it, shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services where the services are performed by paid employees;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board shall be an employee. In the event of injury or death of the voluntary uncompensated worker, the

wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of the injury or death for similar services where the services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where the services are performed by paid employees;

(11) a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where the services are performed by paid employees;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota School for the Deaf or the Minnesota Braille and Sight-Saving School, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(14) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law, is an employee. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(15) a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

(16) those students enrolled in and regularly attending the medical school of the University of Minnesota, whether in the graduate school program or the post-graduate program, notwithstanding that the students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation payable under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits payable under this chapter;

(17) a faculty member of the University of Minnesota employed for the current academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the faculty member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota; and

(18) a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

(19) a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services were performed by paid employees.

In the event it is difficult to determine the daily wage as provided in this subdivision, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 8. Minnesota Statutes 1986, section 176.011, subdivision 16, is amended to read:

Subd. 16. [PERSONAL INJURY.] "Personal injury" means injury arising out of and in the course of employment and includes personal injury caused by occupational disease and mental injury caused by job-related stress; but does not cover an employee except while engaged in, on, or about the premises where the employee's services require the employee's presence as a part of such service at the time of the injury and during the hours of such service. Functional loss of use or impairment of function, permanent in nature, is a permanent injury. Where the employer regularly furnished transportation to employees to and from the place of employment such employees are subject to this chapter while being so transported, but shall not include an injury caused by the act of a third person or fellow employee intended to injure the employee because of personal reasons, and not directed against the employee as an employee, or because of the employment.

Sec. 9. Minnesota Statutes 1986, section 176.011, is amended by adding a subdivision to read:

Subd. 27. [ADMINISTRATIVE CONFERENCE.] An "administrative conference" is a meeting conducted by a commissioner's designee where parties can discuss on an expedited basis and in an informal setting their viewpoints concerning disputed issues arising under section 176.102, 176.103, 176.135, 176.136, or 176.239. If the parties are unable to resolve the dispute, the commissioner's designee shall issue an administrative decision under section 176.106 or section 60.

Sec. 10. Minnesota Statutes 1986, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section 176.101. If doubt exists as to the eventual permanent partial disability, payment for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101, shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of economic recovery compensation or lump sum or periodic payment of impairment compensation, permanent partial disability the employee and employer shall be furnished with

a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation~~ Permanent partial disability pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. ~~Impairment compensation~~ Permanent partial disability is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. ~~Economic recovery compensation or impairment compensation~~ pursuant to section 176.101 but shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of ~~economic recovery compensation or impairment compensation~~ permanent partial disability against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. ~~Economic recovery compensation or impairment compensation~~ Permanent partial disability is payable for functional loss of use or ~~impairment of function~~, permanent in nature, and payment therefore shall be separate, distinct, and in addition to and not contingent upon payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive ~~economic recovery compensation or impairment compensation~~ permanent partial disability vests in an injured employee at the time the disability can be ascertained provided that the employee lives for at least 30 days beyond the date of the injury. Upon the death of an employee who is receiving ~~economic recovery compensation or impairment compensation~~, further compensation is payable pursuant to section 176.101. ~~Impairment compensation~~ is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 11. Minnesota Statutes 1986, section 176.041, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENTS EXCLUDED.] This chapter does not apply to any of the following:

(a) a person employed by a common carrier by railroad engaged in interstate or foreign commerce and who is covered by the Federal Employers' Liability Act, United States Code, title 45, sections 51 to 60, or other comparable federal law;

~~to~~ (b) a person employed by a family farm as defined by section 176.011, subdivision 11a,

~~or~~ (c) the spouse, parent, and child, regardless of age, of a farmer-employer working for the farmer-employer;

(d) a sole proprietor, or the spouse, parent, and child, regardless of age, of a sole proprietor;

~~to~~ (e) a partner engaged in a farm operation or a partner engaged in a business and the spouse, parent, and child, regardless of age, of a partner in the farm operation or business;

~~to~~ (f) an executive officer of a family farm corporation;

to (g) an executive officer of a closely held corporation referred to in section 176.012 having less than 22,880 hours of payroll in the preceding calendar year, if that executive officer owns at least 25 percent of the stock of the corporation;

~~to~~ (h) a spouse, parent, or child, regardless of age, of an executive officer of a family farm corporation as defined in section 500.24, subdivision 2, and employed by that family farm corporation;

~~to~~ (i) a spouse, parent, or child, regardless of age, of an executive officer of a closely held corporation referred to in section 176.012 who is referred to in paragraph (g);

~~to~~ (j) another farmer or ~~to~~ a member of the other farmer's family exchanging work with the farmer-employer or family farm corporation operator in the same community;

~~to~~ (k) a person whose employment at the time of the injury is casual and not in the usual course of the trade, business, profession, or occupation of the employer;



(l) persons who are independent contractors as defined by rules adopted by the commissioner pursuant to section 176.83 except that this exclusion does not apply to an employee of an independent contractor; nor does this chapter apply to

(m) an officer or a member of a veterans' organization whose employment relationship arises solely by virtue of attending meetings or conventions of the veterans' organization, unless the veterans' organization elects by resolution to provide coverage under this chapter for the officer or member;

Neither does the chapter apply to (n) a person employed as a household worker in, for, or about a private home or household who earns less than \$1,000 in cash in a three-month period from a single private home or household provided that a household worker who has earned \$1,000 or more from the household worker's present employer in a three-month period within the previous year is covered by this chapter regardless of whether or not the household worker has earned \$1,000 in the present quarter;

This chapter does not apply to those (o) persons employed by a closely held corporation if those persons who are related by blood or marriage, within the third degree of kindred according to the rules of civil law, to the officers an officer of the corporation, and who is referred to in paragraph (g), if the corporation files a written election with the commissioner to have those persons excluded from this chapter except that exclude such individuals. A written election is not required for a person who is otherwise excluded from this chapter by this section;

This chapter does not apply to (p) a nonprofit association which does not pay more than \$1,000 in salary or wages in a year;

This chapter does not apply to (q) persons covered under the Domestic Volunteer Service Act of 1973, as amended, United States Code, title 42, sections 5011, et. seq.

Sec. 12. Minnesota Statutes 1986, section 176.041, is amended by adding a subdivision to read:

Subd. 1a. [ELECTION OF COVERAGE.] The persons, partnerships and corporations described in this subdivision may elect to provide the insurance coverage required by this chapter.

(a) An owner or owners of a business or farm may elect coverage for themselves.

(b) A partnership owning a business or farm may elect coverage for any partner.

(c) A family farm corporation as defined in section 500.24, subdivision 2, clause (c) may elect coverage for any executive officer.

(d) A closely held corporation which had less than 22,880 hours of payroll in the previous calendar year may elect coverage for any executive officer if that executive officer is also an owner of at least 25 percent of the stock of the corporation.

(e) A person, partnership, or corporation hiring an independent contractor, as defined by rules adopted by the commissioner, may elect to provide coverage for that independent contractor.

A person, partnership, or corporation may charge the independent contractor a fee for providing the coverage only if the independent contractor (1) elects in writing to be covered, (2) is issued an endorsement setting forth the terms of the coverage, the name of the independent contractors, and the fee and how it is calculated.

The persons, partnerships and corporations described in this subdivision may also elect coverage for an employee who is a spouse, parent or child, regardless of age, of an owner, partner, or executive officer, who is eligible for coverage under this subdivision. Coverage may be elected for a spouse, parent or child whether or not coverage is elected for the related owner, partner or executive director and whether or not the person, partnership or corporation employs any other person to perform a service for hire. Any person for whom coverage is elected pursuant to this subdivision shall be included within the meaning of the term employee for the purposes of this chapter.

Notice of election of coverage or of termination of election under this subdivision shall be provided in writing to the insurer. Coverage or termination of coverage is effective the day following receipt of notice by the insurer or at a subsequent date if so indicated in the notice. The insurance policy shall be endorsed to indicate the names of those persons for whom coverage has been elected or terminated under this subdivision. An election of coverage under this subdivision shall continue in effect as long as a policy or renewal policy of the same insurer is in effect.

Nothing in this subdivision shall be construed to limit the responsibilities of owners, partnerships or corporations to provide coverage for their employees, if any, as required under this chapter.

Sec. 13. Minnesota Statutes 1986, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the division commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a

compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested and the basis for the request and whether or not a hearing is requested. The application, with affidavit of service upon the employee, shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 14. Minnesota Statutes 1986, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] For injury producing temporary total disability, the compensation is 66⅔ percent of the weekly wage at the time of injury

(1) provided that during the year commencing on October 1, 1979, and each year thereafter, commencing on October 1, the maximum weekly compensation payable is the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) The minimum weekly compensation benefits for temporary total disability shall be not less than 50 percent of the statewide average weekly wage or the injured employee's actual weekly wage, whichever is less. In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.

~~Subject to subdivisions 3a to 3u this compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be.~~

(3) This compensation shall be paid during the period of disability, but not exceeding 500 weeks, payment to be made at the intervals when the wage was payable, as nearly as may be.

Sec. 15. Minnesota Statutes 1986, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] In all cases of temporary partial disability the compensation shall be 66⅔ percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition. This compensation shall be paid during the period of disability, but not exceeding 500 weeks, except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to the statewide average weekly wage.

If the employer does not furnish the worker with work which the worker can do in a temporary partially disabled condition and the worker is unable to procure such work with another employer, after reasonably diligent effort, the employee shall be paid at the full compensation rate for the temporary total disability.

Sec. 16. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] For permanent partial disability compensation shall be that named in the following schedule:

(1) For the loss of a thumb the permanent partial disability rate at the time of injury during 65 weeks;

(2) For the loss of a first finger, commonly called index finger the permanent partial disability rate at the time of injury during 40 weeks;

(3) For the loss of a second finger the permanent partial disability rate at the time of injury during 35 weeks;

(4) For the loss of a third finger the permanent partial disability rate at the time of injury during 25 weeks;

(5) For the loss of a fourth finger, commonly called the little finger the permanent partial disability rate at the time of injury during 20 weeks;

(6) The loss of the first phalange of the thumb or of any finger, is considered equal to the loss of one-half of the thumb or finger and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the thumb or finger;

(7) The loss of one and one-half or more phalanges is considered equal to the loss of the entire finger or thumb; but in no case shall the amount received for more than one finger exceed the amount provided in this schedule for the loss of a hand;

(8) For the loss of a great toe the permanent partial disability rate at the time of injury during 35 weeks;

(9) For the loss of a toe other than a great toe the permanent partial disability rate at the time of injury during 15 weeks;

(10) The loss of the first phalange of any toe is considered equal to the loss of one-half of the toe, and compensation shall be paid at the permanent partial disability rate during one-half the time specified for the loss of the toe;

(11) For the loss of one and one-half or more phalanges is considered equal to the loss of the entire toe;

(12) For the loss of a hand, not including the wrist movement, the permanent partial disability rate at the time of injury during 195 weeks;

(13) For the loss of a hand, including wrist movement, the permanent partial disability rate at the time of injury during 220 weeks;

(14) For the loss of an arm the permanent partial disability rate at the time of injury during 270 weeks;

(15) Amputation of the arm below the elbow is considered the loss of a hand, including wrist movement, if enough of the forearm remains to permit the use of an effective artificial member, otherwise it is considered the loss of an arm;

(16) For the loss of a foot, not including ankle movement, the permanent partial disability rate at the time of injury during 140 weeks;

(17) For the loss of a foot, including ankle movement, the permanent partial disability rate at the time of injury during 165 weeks;

(18) For the loss of a leg, if enough of the leg remains to permit the use of an effective artificial member the permanent partial disability rate at the time of injury during 195 weeks;

(19) For the loss of a leg so close to the hip that no effective artificial member can be used the permanent partial disability rate at the time of injury during 220 weeks;

(20) Amputation of a leg below the knee is considered as equal to the loss of a foot, including ankle movement, if enough of the lower leg remains to permit the use of an effective artificial member, otherwise it is considered as equal to the loss of a leg;

(21) For the loss of an eye the permanent partial disability rate at the time of injury during 160 weeks;

(22) For the complete permanent loss of hearing in one ear the permanent partial disability rate at the time of injury during 85 weeks;

(23) For the complete permanent loss of hearing in both ears the permanent partial disability rate at the time of injury during 170 weeks;

(24) For the loss of an eye and a leg the permanent partial disability rate at the time of injury during 475 weeks;

(25) For the loss of an eye and an arm the permanent partial disability rate at the time of injury during 475 weeks;

(26) For the loss of an eye and a hand the permanent partial disability rate at the time of injury during 450 weeks;

(27) For the loss of an eye and a foot the permanent partial disability rate at the time of injury during 400 weeks;

(28) For the loss of two arms, other than at the shoulder, the permanent partial disability rate at the time of injury during 500 weeks;

(29) For the loss of two hands the permanent partial disability rate at the time of injury during 500 weeks;

(30) For the loss of two legs, other than so close to the hips that no effective artificial member can be used, the permanent partial disability rate at the time of injury during 500 weeks;

(31) For the loss of two feet the permanent partial disability rate at the time of injury during 500 weeks;

(32) For the loss of one arm and the other hand the permanent partial disability rate at the time of injury during 500 weeks;

(33) For the loss of one hand and one foot the permanent partial disability rate at the time of injury during 500 weeks;

(34) For the loss of one leg and the other foot the permanent partial disability rate at the time of injury during 500 weeks;

(35) For the loss of one leg and one hand the permanent partial disability rate at the time of injury during 500 weeks;

(36) For the loss of one arm and one foot the permanent partial disability rate at the time of injury during 500 weeks;

(37) For the loss of one arm and one leg the permanent partial disability rate at the time of injury during 500 weeks;

(38) For the loss of the voice mechanism the permanent partial disability rate at the time of injury during 500 weeks;

(39) For head injuries the permanent partial disability rate at the time of injury for that proportion of 500 weeks which is represented by its percentage of the permanent partial disability to the entire

body as is determined from competent testimony at a hearing before a compensation judge or as determined by the workers' compensation court of appeals in cases on appeal;

(40) For permanent partial disability resulting from injury to any internal organ the permanent partial disability rate at time of injury for that proportion of 500 weeks, not to exceed 500 weeks, which is the proportionate amount of permanent partial disability caused to the entire body by the injury as is determined from competent testimony at a hearing before a compensation judge or the workers' compensation court of appeals in cases on appeal;

(41) For disfigurement or scarring not resulting from the loss of a member or other injury specifically compensated affecting the employability or advancement opportunity of the injured person in the employment in which the employee was injured or other employment for which the employee is then qualified or for which the employee has become qualified, the permanent partial disability rate at the time of injury during the period the parties agree to or the compensation judge or the workers' compensation court of appeals in cases on appeal determines, not exceeding 90 weeks;

(42) For permanent partial disability resulting from injury to the back the permanent partial disability rate at the time of the injury for that proportion of 350 weeks which is represented by the percentage of the permanent partial disability as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(43) When an employee sustains concurrent injuries resulting in concurrent disabilities the employee shall receive compensation only for the injury which entitled the employee to the largest amount of compensation, but this does not affect liability for disfigurement affecting the employability of the injured person or liability for the concurrent loss of more than one member, for which members compensations are provided in the specific schedule and in subdivision 5;

(44) In all cases of permanent partial disability it is considered that the permanent loss of the use of a member is equivalent to and draws the same compensation as the loss of that member, but the compensation provided by this schedule shall be in lieu of all other compensation in these cases, except as otherwise provided by this section;

In the event a worker has been awarded or is entitled to receive compensation for loss of use of a member under any workers' compensation law, and thereafter sustains loss of the member under circumstances entitling the employee to compensation therefor under this subdivision, the amount of compensation awarded, or that the employee is entitled to receive, for the loss of use, is to be

deducted from the compensation due under the schedules of this section for the loss of the member, provided, that the amount of compensation due for the loss of the member caused by this subsequent accident is in no case less than 25 percent of the compensation payable under the schedule of this section for the loss of the member;

(45) In cases of permanent partial disability due to injury to a member, resulting in less than total loss of the member, not otherwise compensated in this schedule, compensation shall be paid at the permanent partial disability rate during that part of the time specified in the schedule for the total loss of the member which the extent of the injury to the member bears to its total loss;

(46) In cases of permanent partial disability caused by simultaneous injury to two or more members, the applicable schedules in this subdivision shall be increased by 15 percent. This clause shall not apply when the injuries are compensated under paragraphs 22 to 37. In cases of permanent partial disability due to injury to both eyes resulting in less than total loss of vision in one or both eyes compensation shall be paid at the permanent partial disability rate during that part of 450 weeks which the extent of the combined injury to both eyes bears to the complete loss of industrial vision;

(47) For permanent partial disability resulting from injury to the body as a whole due to burns the permanent partial disability rate at the time of injury, for that proportion of 350 weeks which is represented by the percentage of the permanent partial disability as is determined from competent testimony at a hearing before a compensation judge, the compensation to be paid in addition to the compensation an employee would otherwise be entitled to for loss of use of a member in accordance with this section;

(48) In all cases of permanent partial disability not enumerated in this schedule compensation shall be 66 $\frac{2}{3}$  percent of the difference between the daily wage of the worker at the time of the injury and the daily wage he is able to earn in the partially disabled condition, subject to a maximum equal to the statewide average weekly wage, and continue during disability, not to exceed 350 weeks; and if the employer does not furnish the worker with work which the worker can do in the permanently partially disabled condition and the worker is unable to secure such work with another employer after reasonable diligent effort, the employee shall be paid at the worker's maximum rate of compensation for total disability;

(49) The permanent partial disability payable as the result of any injury shall not exceed 750 weeks;

(50) The compensation rate for permanent partial disability shall be \$300 per week.



Sec. 17. Minnesota Statutes 1986, section 176.101, subdivision 5, is amended to read:

Subd. 5. [TOTAL DISABILITY.] The total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties, or any other injury which totally incapacitates the employee from working at an occupation which brings the employee an income constitutes total disability. Notwithstanding the above, an employee who sustains one or more of the above described disabilities shall not be considered permanently and totally disabled if the employee is able to earn substantial income on a sustained gainful basis.

Sec. 18. Minnesota Statutes 1986, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services, ~~the fitness of qualified rehabilitation consultants and vendors to continue to be approved under this section and has authority to discipline, by fine or otherwise, the consultants or vendors who act in violation of this chapter or rules adopted pursuant to this chapter.~~ The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 19. Minnesota Statutes 1986, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and two members each from employers, insurers, rehabilitation, and medicine, one member representing chiropractors, and four members representing labor. The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to ~~(a) appeals regarding eligibility for rehabilitation services, rehabilitation plans and rehabilitation benefits under subdivisions 9 and 11; (b) appeals on any other rehabilitation issue the commissioner determines under this section; and (c) appeals from orders of the commissioner regarding fee disputes, penalties, discipline, certification approval or revocation of registration~~ of qualified rehabilitation

consultants and approved vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery and, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, and one member representing medicine, chiropractic, or rehabilitation.

Sec. 20. Minnesota Statutes 1986, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. 3b. [REVIEW PANEL APPEALS DETERMINATIONS.] Appeals to the review panel Recommendations from the administrative law judge following a contested case hearing shall be heard before determined by a panel of five members designated by the review panel. Each five-member panel shall consist of at least one labor member, at least one employer or insurer member, and at least one member representing medicine, chiropractic, or rehabilitation. The number of labor members and employer or insurer members on the five-member panel shall be equal. The determination of the five-member panel shall be by a majority vote and shall represent the determination of the entire review panel and is not subject to review by the panel as a whole. When conducting a review of the commissioner's determination regarding any rehabilitation issue or plan the panel shall give the parties notice that the appeal will be heard. This notice shall be given at least ten working days prior to the hearing. The notice shall state that parties may be represented by counsel at the hearing. In conducting its review the panel shall permit an interested party to present relevant, competent, oral or written evidence and to cross-examine opposing evidence. Evidence presented is not limited to the evidence previously submitted to the

commissioner. A record of the proceeding shall be made by the panel. Upon determination of the issue presented, the panel shall issue to the interested parties a written decision and order. The decision need not contain a recitation of the evidence presented at the hearing, but shall be limited to the panel's basis for the decision. The panel may adopt rules of procedure which may be joint rules with the medical services review board.

Sec. 21. Minnesota Statutes 1986, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT] (a) An employer or insurer ~~shall~~ may provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation ~~shall~~ may be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation ~~shall~~ may be provided immediately after receipt of this information.

For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time.

The qualified rehabilitation consultant appointed by the employer or insurer shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest.

The consultant shall also disclose to all parties any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, including any attorneys, doctors, or chiropractors.

If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the

qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.

Upon receipt of the notice of objection, the commissioner may schedule an administrative conference for the purpose of determining which qualified rehabilitation consultant may be mutually acceptable. The employee has the final decision on which qualified rehabilitation consultant is to be utilized.

The employee may choose a different qualified rehabilitation consultant as follows:

(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;

(2) once after the 60-day period referred to in clause (1); and

(3) subsequent requests shall be determined by the commissioner or compensation judge according to the best interests of the parties.

The employee and employer shall enter into a program if one is prescribed in a rehabilitation plan. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner.

(b) If the employer does not provide rehabilitation consultation as required permitted by this section, the commissioner shall notify the employer that if the employer fails to appoint a qualified rehabilitation consultant or other persons as permitted by clause (a) within 15 days to conduct a rehabilitation consultation, the commissioner shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner determines the consultation is not required. the employee may request rehabilitation consultation upon the earliest of the following: (a) 180 days after the injury if the employee has not returned to preinjury employment or to another employment at a wage equal to or in excess of the employee's weekly wage; or (b) has received medical information indicating that the employee will be unable to return to the job held at the time of injury; or (c) agreement of the parties upon the request of the employee, rehabilitation shall be provided by the employer and insurer as provided in this section.

(c) In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(d) The commissioner may waive rehabilitation consultation under this section if the commissioner is satisfied that the employee

will return to work in the near future or that rehabilitation consultation will not be useful in returning an employee to work.

Sec. 22. Minnesota Statutes 1986, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. A decision of the commissioner may be appealed to the rehabilitation review panel within 30 days of the commissioner's decision. The decision of the panel may be appealed to the workers' compensation court of appeals in the same manner as other matters appealed to the court.

Sec. 23. Minnesota Statutes 1986, section 176.102, subdivision 8, is amended to read:

Subd. 8. [PLAN MODIFICATION.] Upon request to the commissioner or compensation judge by the employer, the insurer, or employee, or upon the commissioner's own request, the plan may be suspended, terminated or altered upon a showing of good cause, including:

(a) a physical impairment that does not allow the employee to pursue the rehabilitation plan;

(b) the employee's performance level indicates the plan will not be successfully completed;

(c) an employee does not cooperate with a plan;

(d) that the plan or its administration is substantially inadequate to achieve the rehabilitation plan objectives;

(e) that the employee is not likely to benefit from further rehabilitation services.

An employee may request a change in a rehabilitation plan once because the employee feels ill-suited for the type of work for which rehabilitation is being provided. If the rehabilitation plan includes retraining, this request must be made within 90 days of the beginning of the retraining program. Any decision of the commis-

sioner regarding a change in a plan may be appealed to the rehabilitation review panel within 30 days of the decision.

Sec. 24. Minnesota Statutes 1986, section 176.102, subdivision 10, is amended to read:

Subd. 10. [REHABILITATION; CONSULTANTS AND VENDORS.] The commissioner shall approve rehabilitation consultants who may propose and implement plans if they satisfy rules adopted by the commissioner for rehabilitation consultants. A consultant may be an individual or public or private entity, but and except for the division of rehabilitation services, department of jobs and training, a consultant may not be a vendor or the agent of a vendor of rehabilitation services. The commissioner shall also approve rehabilitation vendors if they satisfy rules adopted by the commissioner.

Sec. 25. Minnesota Statutes 1986, section 176.102, subdivision 13, is amended to read:

Subd. 13. [DISCONTINUANCE.] All benefits payable under chapter 176 may, after a determination and order by the commissioner or compensation judge, be discontinued or forfeited for any time during which the employee refuses to submit to any reasonable examinations and evaluative procedures ordered by the commissioner or compensation judge to determine the need for and details of a plan of rehabilitation, or refuses to participate in rehabilitation evaluation as required by this section or does not make a good faith effort to participate in a rehabilitation plan. A discontinuance under this section is governed by section 176.242 sections 59 and 60.

Sec. 26. [176.1021] [CONTINUING EDUCATION; COMPENSATION JUDGES.]

The commissioner and the chief administrative law judge shall provide continuing education and training for workers' compensation judges in the conduct of administrative hearings, new trends in workers' compensation, techniques of alternative dispute resolution and, at least annually, continuing education in the areas of physical and vocational rehabilitation.

Sec. 27. Minnesota Statutes 1986, section 176.103, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] (a) The commissioner shall monitor the medical and surgical treatment provided to injured employees, the services of other health care providers and shall also monitor hospital utilization as it relates to the treatment of injured employees. This monitoring shall include determinations concerning the appropriateness of the service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treat-

ment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services. The commissioner may penalize, disqualify, or suspend a provider from receiving payment for services rendered under this chapter, if the commissioner determines that the provider has violated any part of this chapter or rule adopted under this chapter. The commissioner shall report the results of the monitoring to the medical services review board. The commissioner may, either as a result of the monitoring or as a result of an investigation following receipt of a complaint, if the commissioner believes that any provider of health care services has violated any provision of this chapter or rules adopted under this chapter, initiate a contested case proceeding under chapter 14. In these cases, the medical services review board shall make the final decision following receipt of the report of an administrative law judge. The commissioner's authority under this section also includes the authority to make determinations regarding any other activity involving the questions of utilization of medical services, and any other determination the commissioner deems necessary for the proper administration of this section, but does not include the authority to make the initial determination of primary liability, except as provided by section 176.305.

Except as provided in paragraph (b), the commissioner has the sole authority to make determinations under this section with a right of appeal to the medical services review board as provided in subdivision 3 and the workers' compensation court of appeals. A compensation judge has no jurisdiction in making determinations under this section.

(b) The commissioner has authority under this section to make determinations regarding medical causation. Objections to these determinations shall be referred to the chief administrative law judge for a de novo hearing before a compensation judge, with a right to review by the workers' compensation court of appeals, as provided in this chapter.

Sec. 28. Minnesota Statutes 1986, section 176.103, subdivision 3, is amended to read:

Subd. 3. [MEDICAL SERVICES REVIEW BOARD; SELECTION; POWERS.] (a) There is created a medical services review board composed of the commissioner or the commissioner's designee as an ex officio member, two persons representing chiropractic, one person representing hospital administrators, and six physicians representing different specialties which the commissioner determines are the most frequently utilized by injured employees. The board shall also have one person representing employees, one person representing employers or insurers, and one person representing the general public. The members shall be appointed by the commissioner and shall be governed by section 15.0575. Terms of the board's members

may be renewed. The board shall appoint from among its clinical members a clinical advisory subcommittee on clinical quality and a clinical advisory subcommittee on clinical cost containment. Each subcommittee shall consist of at least three members one of whom shall be a member who is not a chiropractor or licensed physician. The board may appoint from its members whatever subcommittees it deems appropriate.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one chiropractor, one hospital administrator, three physicians, one employee representative, one employer or insurer representative, and one representative of the general public.

The clinical quality subcommittee board shall review clinical results for adequacy and recommend to the commissioner scales for disabilities and apportionment.

The clinical cost containment subcommittee board shall review and recommend to the commissioner rates for individual clinical procedures and aggregate costs. The subcommittees shall make regular reports to the board and the commissioner which shall evaluate the reports for the purpose of determining whether or not a particular health care provider continues to qualify for payment under this chapter or is subject to any other sanctions or penalties authorized under this section and to determine whether an employee has been off work longer than necessary. The board shall assist the commissioner in accomplishing public education.

In evaluating the clinical consequences of the services provided to an employee by a clinical health care provider, the board shall consider the following factors in the priority listed:

- (1) the clinical effectiveness of the treatment;
- (2) the clinical cost of the treatment; and
- (3) the length of time of treatment.

In its consideration of these factors, the board shall utilize the information and recommendations developed by the subcommittees. In addition, the board shall utilize any other data developed by the subcommittees pursuant to the duties assigned to the subcommittees under this section.

After making a determination, the board shall submit its recommendation in writing to the commissioner. The board shall advise the commissioner on the adoption of rules regarding all aspects of medical care and services provided to injured employees.



(b) The board shall appoint three of its members to hear appeals from decisions of the commissioner regarding quality control and supervision of medical care; any other disputes regarding medical, surgical, and hospital care; decisions regarding the eligibility of medical providers to receive payments; or any other determinations of the commissioner pursuant to subdivision 2. The three member panel shall be composed of one member who does not represent a health care specialty, one member who represents the same specialty as the specialty at issue or, if the same specialty is not available, one member whose specialty is as close as possible considering the board's composition, and one member representing a different specialty. The three member panel shall conduct a hearing in the same manner, giving the same notice and following other procedures required of the rehabilitation review panel in section 176.102, subdivision 3a. A majority vote of the three member panel constitutes the decision of the full board. This decision may be appealed to the workers' compensation court of appeals. The medical services review board may upon petition from the commissioner and after hearing, issue a penalty of \$100 per violation, disqualify, or suspend a provider from receiving payment for services rendered under this chapter if a provider has violated any part of this chapter or rule adopted under this chapter. The hearings are initiated by the commissioner under the contested case procedures of chapter 14. The board shall make the final decision following receipt of the recommendation of the administrative law judge. The board's decision is appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

(c) In any situation where a conflict of interest prevents the appointment of a full three-member panel or in any other situation where the commissioner deems it necessary to resolve a conflict of interest, the commissioner may appoint a temporary substitute board member to serve until the situation creating the conflict of interest has been resolved.

(d) The board may adopt rules of procedure. The rules may be joint rules with the rehabilitation review panel.

Sec. 29. [176.106] [ADMINISTRATIVE CONFERENCE.]

Subdivision 1. [SCOPE.] All determinations by the commissioner pursuant to sections 176.102, 176.103, 176.135, or 176.136 shall be in accordance with the procedures contained in this section.

Subd. 2. [REQUEST FOR CONFERENCE.] Any party may request an administrative conference by filing a request on a form prescribed by the commissioner.

Subd. 3. [CONFERENCE.] The matter shall be scheduled for an administrative conference within 60 days after receipt of the request for a conference. Notice of the conference shall be served on all

parties no later than 14 days prior to the conference, unless the commissioner determines that a conference shall not be held. The commissioner may order an administrative conference whether or not a request for conference is filed.

The commissioner, at his discretion, may refuse to hold an administrative conference and refer the matter for a settlement or pretrial conference or may certify the matter to the office of administrative hearings for a full hearing before a compensation judge.

Subd. 4. [APPEARANCES.] All parties shall appear either personally, by telephone, by representative, or by written submission. The commissioner shall determine the issues in dispute based upon the information available at the conference.

Subd. 5. [DECISION.] A written decision shall be issued by the commissioner or an authorized representative determining all issues considered at the conference or if a conference was not held, based on the written submissions. Disputed issues of fact shall be determined by a preponderance of the evidence. The decision must be issued within 30 days after the close of the conference or if no conference was held, within 60 days after receipt of the request for conference. The decision must include a statement indicating the right to request a de novo hearing before a compensation judge and how to initiate the request.

Subd. 6. [PENALTY.] At a conference, if the insurer does not provide a specific reason for nonpayment of the items in dispute, the commissioner may assess a penalty of \$300 payable to the special compensation fund, unless it is determined that the reason for the lack of specificity was the failure of the insurer, upon timely request, to receive information necessary to remedy the lack of specificity. This penalty is in addition to any penalty that may be applicable for nonpayment.

Subd. 7. [REQUEST FOR HEARING.] Any party aggrieved by the decision of the commissioner may request a formal hearing by filing the request with the commissioner no later than 30 days after the decision. The request shall be referred to the office of administrative hearings for a de novo hearing before a compensation judge. The commissioner shall refer a timely request to the office of administrative hearings within five working days after filing of the request and the hearing at the office of administrative hearings must be held on the first date that all parties are available but not later than 60 days after the office of administrative hearings receives the matter. Following the hearing, the compensation judge must issue the decision within 30 days. The decision of the compensation judge is appealable pursuant to section 176.421.

Subd. 8. [DENIAL OF PRIMARY LIABILITY.] The commissioner does not have authority to make determinations relating to medical or rehabilitation benefits when there is a genuine dispute over whether the injury initially arose out of and in the course of employment, except as provided by section 176.305.

Subd. 9. [SUBSEQUENT CAUSATION ISSUES.] If initial liability for an injury has been admitted or established and an issue subsequently arises regarding causation between the employee's condition and the work injury, the commissioner may make the subsequent causation determination subject to de novo hearing by a compensation judge with a right to review by the court of appeals, as provided in this chapter.

Sec. 30. Minnesota Statutes 1986, section 176.111, subdivision 17, is amended to read:

Subd. 17. [PARTIAL DEPENDENTS.] Partial dependents are entitled to receive only that proportion of the benefits provided for actual dependents which the average amount of wages regularly contributed by the deceased to such partial dependents at the time of and for a reasonable time immediately prior to the injury bore to the total income of the dependent during the same time; and if the amount regularly contributed by the deceased to such partial dependents cannot be ascertained because of the circumstances of the case, the commissioner, compensation judge, or workers' compensation court of appeals, in cases upon appeal, shall make a reasonable estimate thereof taking into account all pertinent factors of the case.

Sec. 31. Minnesota Statutes 1986, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after October 1, 1983 is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Notwithstanding the above, an employee shall be eligible for supplementary benefits on the date permanent total disability benefits are subject to an offset for any governmental disability

program pursuant to section 176.101, subdivision 4. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

Sec. 32. Minnesota Statutes 1986, section 176.133, is amended to read:

176.133 [ATTORNEY'S FEES, SUPPLEMENTARY BENEFITS.]

Attorney's fees may be approved by the commissioner, a compensation judge, or by the workers' compensation court of appeals from the supplementary workers' compensation benefits provided by section 176.132 if the case involves the obtaining of supplementary workers' compensation benefits. When such fees are allowed an amount equal to 25 percent of that portion of the fee which is in excess of \$250 shall be added to the employee's benefit as provided in section 176.081 rather than deducted as a portion thereof. The fees shall be determined according to section 176.081.

Sec. 33. Minnesota Statutes 1986, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation. The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. In case of the employer's inability or refusal seasonably to do so the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same, including costs and attorney fees incurred by the employee or the health care provider. Attorney's fees shall be determined on an hourly basis according to the criteria in section 176.081, subdivision 5. The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability. Except as provided in paragraph (b), orders of the commissioner with respect to this subdivision may be reviewed by the medical services review board

pursuant to section 176.103. Orders of the medical services review board with respect to this subdivision may be reviewed by the workers' compensation court of appeals on petition of an aggrieved party pursuant to section 176.103. Orders of the court of appeals may be reviewed by writ of certiorari to the supreme court.

(b) The commissioner has authority to make determinations regarding medical causation and regarding the question whether the medical condition, which required the furnished treatment or supplies, is a consequence of the injury. Objections to any order of the commissioner with respect to this paragraph shall be referred to the chief administrative law judge for a de novo hearing before a compensation judge, with a right to review by the workers' compensation court of appeals, as provided in this chapter. Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with section 29 and section 176.305.

Sec. 34. Minnesota Statutes 1986, section 176.135, subdivision 1a, is amended to read:

Subd. 1a. [NONEMERGENCY SURGERY; SECOND SURGICAL OPINION.] The employer is required to furnish surgical treatment pursuant to subdivision 1 only after the employee has obtained two surgical opinions concerning whether when the surgery is reasonably required to cure and relieve the effects of the personal injury or occupational disease. If at least one of the opinions affirms that the surgery is reasonably required, the employee may choose to undergo the surgery. An employee may not be compelled to undergo surgery. If an employee desires a second opinion on the necessity of the surgery, the employer shall pay the costs of obtaining the second opinion. Except in cases of emergency surgery, the employer or insurer may require the employee to obtain a second opinion on the necessity of the surgery, at the expense of the employer, before the employee undergoes surgery. Failure to obtain a second surgical opinion shall not be reason for nonpayment of the charges for the surgery. The employer is required to pay the reasonable value of the surgery unless the commissioner or compensation judge determines that the surgery is not reasonably required. A second surgical opinion is not required in cases of emergency surgery or when the employer and employee agree that the opinion is not necessary.

Sec. 35. Minnesota Statutes 1986, section 176.135, subdivision 2, is amended to read:

Subd. 2. [CHANGE OF PHYSICIANS, PODIATRISTS, OR CHIROPRACTORS.] The commissioner of the department of labor and industry shall make the necessary adopt rules for establishing standards and criteria to be used when a dispute arises over a change of physicians, podiatrists, or chiropractors in the case that either the employee or the employer desire a change and for the

designation of a physician, podiatrist, or chiropractor suggested by the injured employee or the commissioner of the department of labor and industry. In such case If a change is agreed upon or ordered, the expense thereof medical expenses shall be borne by the employer upon the same terms and conditions as provided in subdivision 1 and for medical, podiatric, chiropractic and surgical treatment and attendance.

Sec. 36. Minnesota Statutes 1986, section 176.135, subdivision 3, is amended to read:

Subd. 3. [LIMITATION OF LIABILITY.] The pecuniary liability of the employer for the treatment, articles and supplies required by this section shall be limited to the charges therefor as prevail in the same community for similar treatment, articles and supplies furnished to injured persons of a like standard of living when the same are paid for by the injured persons. On this basis the commissioner, medical services review board, or workers' compensation court of appeals on appeal or compensation judge may determine the reasonable value of all such services and supplies and the liability of the employer is limited to the amount so determined.

Sec. 37. Minnesota Statutes 1986, section 176.135, is amended by adding a subdivision to read:

Subd. 6. [COMMENCEMENT OF PAYMENT.] As soon as reasonably possible, and no later than 30 calendar days after receiving the bill, the employer or insurer shall pay the charge or any portion of the charge which is not denied, deny all or a part of the charge on the basis of excessiveness or noncompensability, or specify the additional data needed, with written notification to the employee and the provider.

Sec. 38. Minnesota Statutes 1986, section 176.135, is amended by adding a subdivision to read:

Subd. 7. [MEDICAL BILLS AND RECORDS.] Health care providers shall submit to the insurer an itemized statement of charges as well as copies of medical records or reports that substantiate the nature of the charge and its relationship to the work injury. No charge may be made for copies of any records or reports that are in existence and directly relate to the items for which payment is sought under this chapter.

A health care provider shall not collect, attempt to collect, refer a bill for collection, or commence an action for collection against the employee, employer, or any other party until the information required by this section has been furnished.

Sec. 39. Minnesota Statutes 1986, section 176.136, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVE FEES.] If the ~~payer~~ employer or insurer determines that the charge for a health service or medical service is excessive, no payment in excess of the reasonable charge for that service shall be made under this chapter nor may the provider collect or attempt to collect from the injured employee or any other insurer or government amounts in excess of the amount payable under this chapter unless the commissioner, ~~medical services review board~~ compensation judge, or ~~workers' compensation court of appeals~~ determines otherwise. In such a case, the health care provider may initiate an action under this chapter for recovery of the amounts deemed excessive by the employer or insurer, but the employer or insurer shall have the burden of proving excessiveness.

Sec. 40. Minnesota Statutes 1986, section 176.1361, is amended to read:

#### 176.1361 [TESTIMONY OF PROVIDERS.]

When the commissioner, a compensation judge, or the ~~workers' compensation court of appeals~~ has reason to believe that a medical or other provider of treatment services has submitted false testimony or a false report in any proceeding under this chapter, the commissioner, compensation judge, or the workers' compensation court of appeals shall refer the matter to an appropriate licensing body or other professional certifying organization for review and recommendations. Based upon their recommendation, the ~~commissioner~~ medical services review board, after hearing, may bar the provider from making an appearance, and disallow the admission into evidence of written reports of the provider, in any proceeding under this chapter for a period not to exceed one year in the first instance and three years in the second instance, and may permanently bar the provider from appearance and the provider's reports from admission in evidence thereafter.

Sec. 41. Minnesota Statutes 1986, section 176.139, is amended to read:

#### 176.139 [NOTICE OF RIGHTS POSTED.]

A notice, in form approved by the commissioner of labor and industry, shall be posted in a conspicuous place at each place of employment Subdivision 1. [POSTING REQUIREMENT.] All employers required or electing to carry workers' compensation coverage in the state of Minnesota shall post and display in a conspicuous location a notice, in a form approved by the commissioner, advising employees of their rights and obligations under this chapter, assistance available to them, and the operation of the workers' compensation system, the name and address of the workers' compensation carrier insuring them or the fact that the employer is self-insured.

The notice shall be displayed at all locations where the employer is engaged in business.

Subd. 2. [FAILURE TO POST; PENALTY.] The commissioner may assess a penalty of \$300 against the employer payable to the special compensation fund if, after notice from the commissioner, the employer violates the posting requirement of this section.

Sec. 42. Minnesota Statutes 1986, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. The employee is entitled upon request to have a personal physician present at any such examination. Each party shall defray the cost of that party's physician. Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury, shall be made available, upon request and without charge, to the injured employee or representative of the employee. The employer shall pay reasonable travel expenses incurred by the employee in attending the examination including mileage, parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination. A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition.

No evidence relating to the examination or report shall be received or considered by the commissioner, a compensation judge, or the court of appeals in determining any issues unless the report has been served and filed as required by this section, unless a written extension has been granted by the commissioner or compensation judge. The commissioner or a compensation judge shall extend the time for completing the adverse examination and filing the report upon good cause shown. The extension must not be for the purpose of delay and the insurer must make a good faith effort to comply with this subdivision. Good cause shall include but is not limited to:

(1) that the extension is necessary because of the limited number of physicians or health care providers available with expertise in the particular injury or disease, or that the extension is necessary due to the complexity of the medical issues, or



(2) that the extension is necessary to gather additional information which was not included on the petition as required by section 176.291.

Sec. 43. Minnesota Statutes 1986, section 176.155, subdivision 3, is amended to read:

Subd. 3. [REFUSAL TO BE EXAMINED.] If the injured employee refuses to comply with any reasonable request for examination, the right to compensation may be suspended by order of the ~~division, commissioner or a compensation judge or workers' compensation court of appeals in a matter before it,~~ and no compensation shall be paid while the employee continues in the refusal.

Sec. 44. Minnesota Statutes 1986, section 176.155, subdivision 5, is amended to read:

Subd. 5. [TESTIMONY OF HEALTH CARE PROVIDER.] Any physician or other health care provider designated by the commissioner, or compensation judge, or ~~workers' compensation court of appeals~~ or whose services are furnished or paid for by the employer, or who treats, examines, or is present at any examination, of an injured employee, may be required to testify as to any knowledge acquired by the physician or health care provider in the course of the treatment or examination relative to the injury or disability resulting from the injury only if ~~the commissioner or a compensation judge makes a written finding that the appearance of the physician or health care provider is crucial to the accurate determination of the employee's disability:~~ in cases involving occupational disease, cardiopulmonary injuries or diseases, injuries resulting from cumulative trauma, issues of apportionment of liability, and mental disorders, or upon an order of a compensation judge. In all other cases all evidence related to health care must be submitted by written report as prescribed by the chief administrative law judge. A party may cross-examine by deposition a physician or health care provider who has examined or treated the employee. If a physician or health care provider is not available for cross-examination prior to the hearing and the physician's or health care provider's written report is submitted at the hearing, the compensation judge shall, upon request of the adverse party, require the physician or health care provider to testify at the hearing or to be present at a posthearing deposition for the purpose of being cross-examined by the adverse party. All written evidence relating to health care must be submitted prior to or at the time of the hearing and no evidence shall be considered which was submitted after the hearing unless the compensation judge orders otherwise, and, in no case later than 30 days following the final hearing date unless an extension is granted by the chief administrative law judge. Existing medical reports must be submitted with a claim petition or answer as provided in sections 176.291 and 176.321. All reports shall substantially conform to rules prescribed by the chief administrative law

judge. When a written report is used to present the testimony, it shall be admitted into evidence without the necessity for foundational testimony and shall be considered as prima facie evidence of the opinions it contains.

Sec. 45. Minnesota Statutes 1986, section 176.179, is amended to read:

**176.179 [PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH.]**

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division, a compensation judge, or court of appeals relative to a claim by an injured employee or the employee's survivors, and received in good faith by the employee or the employee's survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a full credit against future lump sum benefit entitlement and as a partial credit against future weekly benefits. The credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits, death benefits, or weekly payments of economic recovery or impairment compensation shall not exceed 20 percent of the amount that would otherwise be payable.

A credit may not be applied against medical expenses due or payable.

Sec. 46. Minnesota Statutes 1986, section 176.185, is amended by adding a subdivision to read:

**Subd. 5a. [PENALTY FOR IMPROPER WITHHOLDING.] An employer who violates subdivision 5 after notice from the commissioner is subject to a penalty of 200 percent of the amount withheld from or charged the employee. The penalty shall be imposed by the commissioner. Fifty percent of this penalty is payable to the special compensation fund and 50 percent is payable to the employee.**

Sec. 47. Minnesota Statutes 1986, section 176.191, subdivision 1, is amended to read:

Subdivision 1. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner, compensation judge, or ~~workers' compensation~~ court of appeals upon appeal shall direct, unless action is taken under subdivision 2, that one or more of the employers or insurers make payment of the benefits pending a determination of liability. A temporary order may be issued under this subdivision whether or not the employers or insurers agree to pay under the order.

When liability has been determined, the party held liable for the benefits shall be ordered to reimburse any other party for payments which the latter has made, including interest at the rate of 12 percent a year. The claimant shall also be awarded a reasonable attorney fee, to be paid by the party held liable for the benefits.

An order directing payment of benefits pending a determination of liability may not be used as evidence before a compensation judge, the workers' compensation court of appeals, or court in which the dispute is pending.

Sec. 48. Minnesota Statutes 1986, section 176.191, subdivision 2, is amended to read:

Subd. 2. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner or a compensation judge upon petition shall authorize order, unless action is taken under subdivision 1, the special compensation fund established in section 176.131 to make payment of the benefits pending a determination of liability.

The personal injury for which the commissioner or a compensation judge shall order compensation from the special fund is not limited by section 176.131, subdivision 8.

When liability has been determined, the party held liable for benefits shall be ordered to reimburse the special compensation fund for payments made, including interest at the rate of 12 percent a year.

Sec. 49. [176.194] [PROHIBITED PRACTICES.]

Subdivision 1. [APPLICATION.] This section applies to insurers, self-insurers, group self-insurers, political subdivisions of the state, and the administrator of state employees' claims.

This section also applies to adjusters and third-party administrators who act on behalf of an insurer, self-insurer, group self-insurer,

the assigned risk plan, the Minnesota insurance guaranty association, a political subdivision, or any other entity.

This section shall be enforceable only by the commissioner of labor and industry. Evidence of violations under this section shall not be admissible in any civil action.

Subd. 2. [PURPOSE.] This section is not intended to replace existing requirements of this chapter which govern the same or similar conduct; these requirements and penalties are in addition to any others provided by this chapter.

Subd. 3. [PROHIBITED CONDUCT.] The following conduct is prohibited:

(1) failing to reply, within 30 calendar days after receipt, to all written communication about a claim from a claimant that requests a response;

(2) failing, within 45 calendar days after receipt of a written request, to commence benefits or to advise the claimant of the acceptance or denial of the claim by the insurer;

(3) failing to pay or deny medical bills within 45 days after the receipt of all information requested from medical providers;

(4) filing a denial of liability for workers' compensation benefits without conducting an investigation;

(5) failing to regularly pay weekly benefits in a timely manner as prescribed by rules adopted by the commissioner once weekly benefits have begun. Failure to regularly pay weekly benefits means failure to pay an employee on more than three occasions in any 12-month period within three business days of when payment was due;

(6) failing to respond to the department within 30 calendar days after receipt of a written inquiry from the department about a claim;

(7) failing to pay pursuant to an order of the department, compensation judge, court of appeals, or the supreme court, within 45 days from the filing of the order unless the order is under appeal; or

(8) advising a claimant not to obtain the services of an attorney or representing that payment will be delayed if an attorney is retained by the claimant.

Subd. 4. [PENALTIES.] The penalties for violations of clauses (1) through (6) are as follows:

<u>1st through 5th violation</u> <u>of each paragraph</u>	<u>written warning</u>
<u>6th through 10th violation</u> <u>of each paragraph</u>	<u>\$2,500 per violation</u> <u>in excess of five</u>
<u>11th through 30th violation</u> <u>of each paragraph</u>	<u>\$5,000 per violation</u> <u>in excess of ten</u>

For violations of clauses (7) and (8), the penalties are:

<u>1st through 5th violation</u> <u>of each paragraph</u>	<u>\$2,500 per violation</u>
<u>6th through 30th violation</u> <u>of each paragraph</u>	<u>\$5,000 per violation</u> <u>in excess of five</u>

The penalties under this section may be imposed in addition to other penalties under this chapter that might apply for the same violation. The penalties under this section are assessed by the commissioner and are payable to the special compensation fund. A party may object to the penalty and request a formal hearing under section 176.85. If an entity has more than 30 violations within any 12-month period, in addition to the monetary penalties provided, the commissioner may refer the matter to the commissioner of commerce with recommendation for suspension or revocation of the entity's (a) license to write workers' compensation insurance; (b) license to administer claims on behalf of a self-insured, the assigned risk plan, or the Minnesota insurance guaranty association; (c) authority to self-insure; or (d) license to adjust claims. The commissioner of commerce shall follow the procedures specified in section 176.195.

Subd. 5. [RULES.] The commissioner may, by rules adopted in accordance with chapter 14, specify additional misleading, deceptive, or fraudulent practices or conduct which are subject to the penalties under this section.

Sec. 50. Minnesota Statutes 1986, section 176.195, subdivision 3, is amended to read:

Subd. 3. [COMPLAINT, ANSWER; HEARING.] A complaint against an insurer shall include a notice and order for hearing, shall be in writing and shall specify clearly the grounds upon which the license is sought to be suspended or revoked. The insurer may shall file a written answer to the complaint and is entitled to receive a hearing in its own behalf before the commissioner of commerce within 20 days of service of the complaint. The hearing shall be conducted under chapter 14.

Sec. 51. Minnesota Statutes 1986, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within 30 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within 30 days of notice or knowledge. After the 30-day period, payment may be terminated only by the filing of a notice as provided under section 176.242 60. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 52. Minnesota Statutes 1986, section 176.221, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] If the employer or insurer does not begin payment of compensation within the time limit prescribed under subdivision 1 or 8, the commissioner may assess a penalty, payable to the special compensation fund, of up to 100 percent which shall be a percentage of the amount of compensation to which the employee is entitled because of the injury to receive up to the date compensa-

tion payment is made to the employee or the compensation to which the employee is entitled to receive up to the date the penalty is imposed, in addition to any other penalty otherwise provided by statute. This penalty may also be imposed on an employer or insurer who violates section 176.242 or 176.243 including, but not limited to, violating the commissioner's decision not to discontinue compensation.

The amount of penalty shall be determined as follows:

<u>Numbers of days late</u>	<u>Penalty</u>
<u>1 - 15</u>	<u>25 percent of compensation due, not to exceed \$375,</u>
<u>16 - 30</u>	<u>50 percent of compensation due, not to exceed \$1,140,</u>
<u>31 - 60</u>	<u>75 percent of compensation due, not to exceed \$2,878,</u>
<u>61 or more</u>	<u>100 percent of compensation due, not to exceed \$3,838.</u>

The penalty under this section is in addition to any penalty otherwise provided by statute.

Sec. 53. Minnesota Statutes 1986, section 176.221, subdivision 7, is amended to read:

Subd. 7. [INTEREST.] Any payment of compensation, charges for treatment under section 176.135 or, rehabilitation expenses under 176.102, subdivision 9, or penalties assessed under this chapter not made when due shall bear interest at the rate of eight percent a year from the due date to the date the payment is made or the rate set by section 549.09, subdivision 1, whichever is greater.

For the purposes of this subdivision, permanent partial disability payment is due 14 days after receipt of the first medical report which contains a disability rating if such payment is otherwise due under this chapter, and charges for treatment under section 176.135 are due 30 calendar days after receiving the bill and necessary medical data.

If the claim of the employee or dependent for compensation is contested in a proceeding before a compensation judge or the commissioner, the decision of the judge or commissioner shall provide for the payment of unpaid interest on all compensation awarded, including interest accruing both before and after the filing of the decision.

Sec. 54. Minnesota Statutes 1986, section 176.225, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] Upon reasonable notice and hearing or opportunity to be heard, the ~~division~~ commissioner, a compensation judge, or upon appeal, the ~~workers' compensation~~ court of appeals or the supreme court may award compensation, in addition to the total amount of compensation award, of up to 25 percent of that total amount where an employer or insurer has:

(a) instituted a proceeding or interposed a defense which does not present a real controversy but which is frivolous or for the purpose of delay; or,

(b) unreasonably or vexatiously delayed payment; or,

(c) neglected or refused to pay compensation; or,

(d) intentionally underpaid compensation; or

(e) unreasonably or vexatiously discontinued compensation in violation of ~~section 176.242~~ sections 59 and 60.

Sec. 55. Minnesota Statutes 1986, section 176.225, subdivision 4, is amended to read:

Subd. 4. [HEARING BEFORE COMMISSIONER OF COMMERCE.] Upon receipt of a complaint filed under subdivision 3, the commissioner of commerce shall hear and determine the matter in the manner provided by ~~this~~ chapter 14. On finding that a charge made by the complaint is true, the commissioner of commerce ~~shall~~ may suspend or revoke the license of the insurer to do business in this state. The insurer may appeal from the action of the commissioner revoking the license in the manner provided in ~~this~~ chapter 14.

Sec. 56. Minnesota Statutes 1986, section 176.231, subdivision 2, is amended to read:

Subd. 2. [INITIAL REPORT, WRITTEN REPORT.] Where subdivision 1 requires an injury to be reported within 48 hours, the employer may make an initial report by telephone, telegraph, or personal notice, and file a written report of the injury within seven days from its occurrence or within such time as the commissioner of labor and industry designates. All written reports of injuries required by subdivision 1 shall include the date of injury, amounts of payments made, if any, and the date of the first payment. The reports shall be in quadruplicate on a form designed by the commissioner, with two copies the original to the commissioner and, one copy to the insurer, and one copy to the employee.



If an insurer or self-insurer repeatedly fails to pay benefits within three days of the due date, pursuant to section 176.221, the insurer or self-insurer shall be ordered by the commissioner to explain, in person, the failure to pay benefits due in a reasonable time. If prompt payments are not thereafter made, the commissioner shall refer the insurer or self-insurer to the commissioner of commerce for action pursuant to section 176.225, subdivision 4.

Sec. 57. Minnesota Statutes 1986, section 176.231, subdivision 10, is amended to read:

**Subd. 10. [FAILURE TO FILE REQUIRED REPORT, PENALTY.]** If an employer, insurer, physician, chiropractor, or other health provider fails to file with the commissioner any report required by this section in the manner and within the time limitations prescribed, or otherwise fails to provide a report required by this section in the manner provided by this section, the commissioner may impose a penalty of up to \$200 for each failure.

The imposition of a penalty may be appealed to a compensation judge within 30 days of notice of the penalty.

Penalties collected by the state under this subdivision shall be paid into the special compensation fund.

Sec. 58. Minnesota Statutes 1986, section 176.231, is amended by adding a subdivision to read:

**Subd. 11. [FAILURE TO FILE REQUIRED REPORT; SUBSTITUTE FILING.]** Where this section requires the employer to file a report of injury with the commissioner, and the employer is unable or refuses to file the report, the insurer shall file the report within ten days of a request from the division. The report shall be filed in the manner prescribed by this section. If both the employer and the insurer fail to file the report within 30 days of notice of the injury, the commissioner shall file the report.

The filing of a report of injury by the commissioner does not subject an employee or the dependents of an employee to the three-year time limitations under section 176.151, paragraphs 1 and 2.

A substitute filing under this subdivision shall not be a defense to a penalty assessed under subdivision 10.

Sec. 59. [176.238] [NOTICE OF DISCONTINUANCE OF TEMPORARY TOTAL, TEMPORARY PARTIAL, OR PERMANENT TOTAL COMPENSATION.]

Subdivision 1. [NECESSITY FOR NOTICE AND SHOWING; CONTENTS.] Except as provided in section 176.221, subdivision 1, once the employer has commenced payment of benefits, the employer may not discontinue payment of compensation until it provides the employee with notice in writing of intention to do so. A copy of the notice shall be filed with the division by the employer. The notice to the employee and the copy to the division shall state the date of intended discontinuance and set forth a statement of facts clearly indicating the reason for the action. Copies of whatever medical reports or other written reports in the employer's possession which are relied on for the discontinuance shall be attached to the notice.

Subd. 2. [CONTINUANCE OF EMPLOYER'S LIABILITY; SUSPENSION.] (a) [DISCONTINUANCE BECAUSE OF RETURN TO WORK.] If the reason for discontinuance is that the employee has returned to work, temporary total compensation may be discontinued effective the day the employee returned to work. Written notice shall be served on the employee and filed with the division within 14 days of the date the insurer or self-insured employer has notice that the employee has returned to work.

(b) [DISCONTINUANCE FOR REASONS OTHER THAN RETURN TO WORK.] If the reason for the discontinuance is for other than that the employee has returned to work, the liability of the employer to make payments of compensation continues until the copy of the notice and reports have been filed with the division. When the division has received a copy of the notice of discontinuance, the statement of facts and available medical reports, the duty of the employer to pay compensation is suspended, except as provided in the following subdivisions and in section 60.

Subd. 3. [INTERIM ADMINISTRATIVE DECISION.] An employee may request the commissioner to schedule an administrative discontinuance conference to obtain an expedited interim decision concerning the discontinuance of compensation. Procedures relating to discontinuance conferences are set forth in section 60.

Subd. 4. [OBJECTION TO DISCONTINUANCE.] An employee may serve on the employer and file with the commissioner an objection to discontinuance if:

(a) the employee elects not to request an administrative conference under section 60;

(b) if the employee fails to timely proceed under that section;

(c) if the discontinuance is not governed by that section; or

(d) if the employee disagrees with the commissioner's decision issued under that section. Within ten calendar days after receipt of an objection to discontinuance, the commissioner shall refer the

matter to the office for a de novo hearing before a compensation judge to determine the right of the employee to further compensation.

Subd. 5. [PETITION TO DISCONTINUE.] Instead of filing a notice of discontinuance, an employer may serve on the employee and file with the commissioner a petition to discontinue compensation. A petition to discontinue compensation may also be used when the employer disagrees with the commissioner's decision under section 60. Within ten calendar days after receipt of a petition to discontinue, the commissioner shall refer the matter to the office for a de novo hearing before a compensation judge to determine the right of the employer to discontinue compensation.

The petition shall include copies of medical reports or other written reports or evidence in the possession of the employer bearing on the physical condition or other present status of the employee which relate to the proposed discontinuance. The employer shall continue payment of compensation until the filing of the decision of the compensation judge and thereafter as the compensation judge, court of appeals, or the supreme court directs, unless, during the interim, occurrences arise justifying the filing of a notice under subdivision 1 or 2 and the discontinuance is permitted by the commissioner's order or no conference under section 60 is requested.

Subd. 6. [EXPEDITED HEARING BEFORE A COMPENSATION JUDGE.] A hearing before a compensation judge shall be held within 30 calendar days after the office receives the file from the commissioner if:

(a) an objection to discontinuance has been filed under subdivision 4 within 60 calendar days after the notice of discontinuance was filed and where no administrative conference has been held;

(b) an objection to discontinuance has been filed under subdivision 4 within 60 calendar days after the commissioner's decision under this section has been issued;

(c) a petition to discontinue has been filed by the insurer in lieu of filing a notice of discontinuance; or

(d) a petition to discontinue has been filed within 60 calendar days after the commissioner's decision under this section has been issued.

If the petition or objection is filed later than the deadlines listed above, the expedited procedures in this section apply only where the employee is unemployed at the time of filing the objection and shows, to the satisfaction of the chief administrative judge, by sworn affidavit, that the failure to file the objection within the deadlines was due to some infirmity or incapacity of the employee or to circumstances beyond the employee's control. The hearing shall be

limited to the issues raised by the notice or petition unless all parties agree to expanding the issues. If the issues are expanded, the time limits for hearing and issuance of a decision by the compensation judge under this subdivision shall not apply.

Once a hearing date has been set, a continuance of the hearing date will be granted only under the following circumstances:

(a) the employer has agreed, in writing, to a continuation of the payment of benefits pending the outcome of the hearing; or

(b) the employee has agreed, in a document signed by the employee, that benefits may be discontinued pending the outcome of the hearing.

Absent a clear showing of surprise at the hearing or the unexpected unavailability of a crucial witness, all evidence must be introduced at the hearing. If it is necessary to accept additional evidence or testimony after the scheduled hearing date, it must be submitted no later than 14 days following the hearing, unless the compensation judge, for good cause, determines otherwise.

The compensation judge shall issue a decision pursuant to this subdivision within 30 days following the close of the hearing record.

Subd. 7. [ORDER OF COMPENSATION JUDGE.] If the order of the compensation judge confirms a discontinuance of compensation, the service and filing of the order relieves the employer from further liability for compensation subject to the right of review provided by this chapter, and to the right of the compensation judge to set aside the order at any time prior to the review and to grant a new hearing pursuant to this chapter. Once an appeal to the workers' compensation court of appeals is filed, a compensation judge may not set aside the order. In any appeal from the compensation judge's decision under this section, the court of appeals shall conclude any oral arguments by the parties within 60 days following certification of the record from the office.

Subd. 8. [NOTICE FORMS.] Notices under this section shall be on forms prescribed by the commissioner.

Subd. 9. [SERVICE ON ATTORNEY.] If the employee has been presently represented by an attorney for the same injury, all notices required by this section shall also be served on the last attorney of record.

Subd. 10. [FINES; VIOLATION.] An employer who violates requirements set forth in this section or section 60 is subject to a fine of up to \$500 for each violation payable to the special compensation fund.

Subd. 11. [APPLICATION OF SECTION.] This section shall not apply to those employees who have been adjudicated permanently totally disabled, or to those employees who have been administratively determined pursuant to division rules to be permanently totally disabled.

Sec. 60. [176.239] [ADMINISTRATIVE DECISION CONCERNING DISCONTINUANCE OF COMPENSATION.]

Subdivision 1. [PURPOSE.] The purpose of this section is to provide a procedure for parties to obtain an expedited interim administrative decision in disputes over discontinuance of temporary total, temporary partial, or permanent total compensation.

Subd. 2. [REQUEST FOR ADMINISTRATIVE CONFERENCE.] If the employee disagrees with the notice of discontinuance, the employee may request that the commissioner schedule an administrative conference to be conducted pursuant to this section.

If temporary total, temporary partial, or permanent total compensation has been discontinued because the employee has returned to work, and the employee believes benefits should be reinstated due to occurrences during the initial 14 calendar days of the employee's return to work, the employee's request must be received by the commissioner within 30 calendar days after the employee has returned to work. If the employer has failed to properly serve and file the notice as provided in section 59, the employee's time period to request an administrative conference is extended up to and including the 40th calendar day subsequent to the return to work.

If temporary total, temporary partial, or permanent total compensation has been discontinued for a reason other than a return to work, the employee's request must be received by the commissioner within 12 calendar days after the notice of discontinuance is received by the commissioner. If the employer discontinues compensation without giving notice as required by section 59, the employee's time period for requesting an administrative conference is extended up to and including the 40th calendar day after which the notice should have been served and filed.

The commissioner may determine that an administrative conference is not necessary under this section for reasons prescribed by rule and permit the employer to discontinue compensation, subject to the employee's right to file an objection to discontinuance under section 59, subdivision 4.

In lieu of making a written request for an administrative conference with the commissioner, an employee may make an in-person or telephone request for the administrative conference.

Subd. 3. [PAYMENT THROUGH DATE OF DISCONTINUANCE CONFERENCE.] If a notice of discontinuance has been served and filed due to the employee's return to work, and the employee requests a conference, the employer is not obligated to reinstate or otherwise pay temporary total, temporary partial, or permanent total compensation unless so ordered by the commissioner.

When an administrative conference is conducted under circumstances in which the employee has not returned to work, compensation shall be paid through the date of the administrative conference unless:

- (a) the employee has returned to work since the notice was filed;
- (b) the employee fails to appear at the scheduled administrative conference; or
- (c) due to unusual circumstances or pursuant to the rules of the division, the commissioner orders otherwise.

Subd. 4. [SCHEDULING OF CONFERENCE.] If the employee timely requests an administrative conference under this section, the commissioner shall schedule a conference within ten calendar days after receiving the request.

Subd. 5. [CONTINUANCES.] An employee or employer may request a continuance of a scheduled administrative conference. If the commissioner determines there is good cause for a continuance, the commissioner may grant the continuance for not more than 14 calendar days unless the parties agree to a longer continuance. If compensation is payable through the day of the administrative conference pursuant to subdivision 3, and the employee is granted a continuance, compensation need not be paid during the period of continuance unless the commissioner orders otherwise. If the employer is granted a continuance and compensation is payable through the day of the administrative conference pursuant to subdivision 3, then compensation shall continue to be paid during the continuance. The commissioner may grant an unlimited number of continuances provided that payment of compensation during any continuance is subject to this subdivision.

Subd. 6. [SCOPE OF THE ADMINISTRATIVE DECISION.] If benefits have been discontinued due to the employee's return to work, the commissioner shall determine whether, as a result of occurrences arising during the initial 14 calendar days after the return to work, the employee is entitled to additional payment of temporary total, temporary partial, or permanent total compensation.

If periodic payment of temporary total, temporary partial, or permanent total compensation has been discontinued for reasons

other than a return to work, the commissioner shall determine whether the employer has reasonable grounds to support the discontinuance. Only information or reasons specified on the notice of discontinuance shall provide a basis for a discontinuance, unless the parties agree otherwise.

Subd. 7. [INTERIM ADMINISTRATIVE DECISION.] After considering the information provided by the parties at the administrative conference, the commissioner shall issue to all interested parties a written decision on payment of compensation. Administrative decisions under this section shall be issued within five working days from the close of the conference. Disputed issues of fact shall be determined by a preponderance of the evidence.

Subd. 8. [DISAGREEMENT WITH ADMINISTRATIVE DECISION.] An employee who disagrees with the commissioner's decision under this section may file an objection to discontinuance under section 59, subdivision 4. An employer who disagrees with the commissioner's decision under this section may file a petition to discontinue under section 59, subdivision 5.

Subd. 9. [ADMINISTRATIVE DECISION BINDING; EFFECT OF SUBSEQUENT DETERMINATIONS.] The commissioner's decision under this section is binding upon the parties and the rights and obligations of the parties are governed by the decision.

If an objection or a petition is filed under subdivision 8, the commissioner's administrative decision remains in effect and the parties' obligations or rights to pay or receive compensation are governed by the commissioner's administrative decision, pending a determination by a compensation judge pursuant to section 59, subdivision 6.

If the commissioner has denied a discontinuance or otherwise ordered commencement of benefits, the employer shall continue paying compensation until an order is issued by a compensation judge, the court of appeals, or the supreme court, allowing compensation to be discontinued, or unless, during the interim, occurrences arise justifying the filing of a notice under section 59, subdivisions 1 or 2, and the discontinuance is permitted by the commissioner or no conference is requested. If a compensation judge, the court of appeals, or the supreme court later rules that the discontinuance was proper or that benefits were otherwise not owing the employee, payments made under the commissioner's administrative decision and order shall be treated as an overpayment which the insurer may recover from the employee subject to section 176.179.

If the commissioner has permitted a discontinuance or otherwise not ordered commencement of benefits, the service and filing of the administrative decision relieves the employer from further liability

for compensation subject to the right of review afforded by this chapter.

Subd. 10. [APPLICATION OF SECTION.] This section is applicable to all cases in which the employee's request for an administrative conference is received by the division after the effective date of this section even if the injury occurred prior to the effective date. This section shall not apply to those employees who have been adjudicated permanently totally disabled, or to those employees who have been administratively determined pursuant to division rules to be permanently totally disabled.

Sec. 61. Minnesota Statutes 1986, section 176.271, subdivision 1, is amended to read:

Subdivision 1. Unless otherwise provided by this chapter or by the commissioner of labor and industry, all proceedings before the division under this chapter are initiated by the filing of a written petition on a prescribed form with the commissioner of labor and industry at the commissioner's principal office. All claim petitions shall include the information required by section 176.291.

Sec. 62. Minnesota Statutes 1986, section 176.275, is amended to read:

176.275 [FILING OF PAPERS; PROOF OF SERVICE.]

Subdivision 1. [FILING.] If a document is required to be filed by this chapter or any rules adopted pursuant to authority granted by this chapter, the filing shall be completed by the receipt of the document at the division, department, office, or the court of appeals. The workers' compensation division, department, office, and the workers' compensation court of appeals shall file accept any paper document which has been delivered to it for legal 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 the commissioner for filing immediately upon its receipt.

A notice or other document required to be served or filed at either the department, the office, or the court of appeals which is inadvertently served or filed at the wrong one of these agencies shall be deemed to have been served or filed with the proper agency. The receiving agency shall note the date of receipt of a document and shall forward the documents to the proper agency no later than two working days following receipt.

Subd. 2. [PROOF OF SERVICE.] Whenever a provision of this chapter or rules adopted pursuant to authority granted by this chapter require either a proof of service or affidavit of service, the requirement is satisfied by the inclusion of a proof of service on the



document which has been served, in a form acceptable by the state district courts or approved by the commissioner.

Sec. 63. Minnesota Statutes 1986, section 176.291, is amended to read:

176.291 [DISPUTES AND DEFAULTS; PETITIONS; PROCEDURE.]

Where there is a dispute as to a question of law or fact in connection with a claim for compensation, ~~or where there has been a default in the payment of compensation for a period of ten days,~~ a party may ~~present~~ serve on all other parties and file a verified notarized petition to with the commissioner stating the matter in dispute or the fact of default. The petition shall be on a form prescribed by the commissioner.

The petition shall also state and include, where applicable:

- (1) names and residence or business address of parties;
- (2) facts relating to the employment at the time of injury, including amount of wages received;
- (3) extent and character of injury;
- (4) notice to or knowledge by employer of injury;
- (5) ~~facts which the commissioner by rule requires; and,~~
- (6) such other facts as are necessary for the information of the commissioner, a compensation judge or the workers' compensation court of appeals copies of written medical reports or other information in support of the claim;
- (6) names and addresses of all known witnesses intended to be called in support of the claim;
- (7) the desired location of any hearing and estimated time needed to present evidence at the hearing;
- (8) any requests for a prehearing or settlement conference;
- (9) 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;

(10) the nature and extent of the claim; and

(11) a request for an expedited hearing which must include an attached affidavit of significant financial hardship which complies with the requirements of section 176.341, subdivision 6.

Incomplete petitions may be stricken from the calendar as provided by section 176.305, subdivision 4. Within 30 days of a request by a party, an employee who has filed a claim petition pursuant to section 176.271 or this section shall furnish a list of physicians and health care providers from whom the employee has received treatment for the same or a similar condition as well as authorizations to release relevant information, data, and records to the requester. The petition may be stricken from the calendar upon motion of a party for failure to timely provide the required list of health care providers or authorizations.

Sec. 64. Minnesota Statutes 1986, section 176.301, subdivision 1, is amended to read:

Subdivision 1. [TRIAL BY COURT; REFERENCE TO COMMISSIONER CHIEF ADMINISTRATIVE LAW JUDGE.] When a workers' compensation issue has been joined is present in the district court action, the court may try the action itself without a jury, or refer the matter to the commissioner. In the latter case, the commissioner shall refer the matter to the chief administrative law judge for assignment to a compensation judge. The compensation judge shall report findings and decisions to the district court. The court may approve or disapprove such decision in the same manner as it approves or disapproves the report of a referee. The court shall enter judgment upon such decision.

Sec. 65. Minnesota Statutes 1986, section 176.305, subdivision 1, is amended to read:

Subdivision 1. [HEARINGS ON PETITIONS.] The petitioner shall serve a copy of the petition on each adverse party personally or by first class mail. The original petition shall then be filed with the commissioner together with an appropriate affidavit of service. When any petition has been filed with the workers' compensation division, the commissioner shall, within ten days, refer the matter presented by the petition to a settlement judge. The settlement judge shall schedule a settlement conference if appropriate within 60 days. If a settlement conference is not appropriate, or if such a conference or conferences do not result in progress toward a settlement, the settlement judge shall certify the matter for a hearing before a compensation judge and shall refer the matter to the chief administrative law judge to be heard by a compensation judge for a settlement conference under this section, for an administrative conference under section 29, or for hearing to the office.

Sec. 66. Minnesota Statutes 1986, section 176.305, is amended by adding a subdivision to read:

Subd. 1a. [SETTLEMENT AND PRETRIAL CONFERENCES; SUMMARY DECISION.] The commissioner shall schedule a settlement conference, if appropriate, within 60 days after receiving the petition. All parties must appear at the conference, either personally or by representative, must be prepared to discuss settlement of all issues, and must be prepared to discuss or present the information required by the joint rules of the division and the office. If a representative appears on behalf of a party, the representative must have authority to fully settle the matter.

If settlement is not reached, the presiding officer may require the parties to present copies of all documentary evidence not previously filed and a summary of the evidence they will present at a formal hearing. If appropriate, a written summary decision shall be issued within ten days after the conference stating the issues and a determination of each issue. If a party fails to appear at the conference, all issues may be determined contrary to the absent party's interest, provided the party in attendance presents a prima facie case.

The summary decision is final unless a written request for a formal hearing is served on all parties and filed with the commissioner within 30 days after the date of service and filing of the summary decision. Within ten days after receipt of the request, the commissioner shall certify the matter to the office for a de novo hearing.

Sec. 67. Minnesota Statutes 1986, section 176.305, subdivision 2, is amended to read:

Subd. 2. [COPY OF PETITION.] The commissioner shall deliver the original petition and answer, after certification for a hearing before a compensation judge by a settlement judge, to the office of administrative hearings for assignment to a compensation judge.

Sec. 68. Minnesota Statutes 1986, section 176.305, is amended by adding a subdivision to read:

Subd. 4. [STRIKING FROM CALENDAR.] A compensation judge or the commissioner, after receiving a properly served motion, may strike a case from the active trial calendar after the employee has been given 30 days to correct the deficiency if it is shown that the information on the petition or included with the petition is incomplete. Once a case is stricken, it may not be reinstated until the missing information is provided to the adverse parties and filed with the commissioner or compensation judge. If a case has been stricken from the calendar for one year or more and no corrective action has been taken, the commissioner or a compensation judge may, upon

the commissioner's or judge's own motion or a motion of a party which is properly served on all parties, dismiss the case. The petitioner must be given at least 30 days advance notice of the proposed dismissal before the dismissal is effective.

Sec. 69. Minnesota Statutes 1986, 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 under section 176.341, subdivision 4.

Sec. 70. Minnesota Statutes 1986, section 176.306, is amended by adding a subdivision to read:

Subd. 3. [SCHEDULING MATTERS.] A compensation judge may schedule a pretrial or settlement conference, whether or not a party requests such a conference.

Sec. 71. Minnesota Statutes 1986, section 176.312, is amended to read:

176.312 [AFFIDAVIT AFFIDAVITS OF PREJUDICE AND PETITIONS FOR REASSIGNMENT.]

In accordance with rules adopted by the chief administrative law judge, an affidavit of prejudice for cause may be filed by a each 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 assigned to hear a case. The filing of an affidavit of prejudice 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 for hearing may be filed once, in any case, by each 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 a hearing scheduled under section 176.341.

This section does not apply to prehearing or settlement conferences.

Sec. 72: Minnesota Statutes 1986, section 176.321, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] The answer shall admit, deny, or affirmatively defend against the substantial averments of the petition, and shall state the contention of the adverse party with reference to the matter in dispute.

Each fact alleged by the petition or answer and not specifically denied by the answer or reply is deemed admitted, but the failure to deny such a fact does not preclude the workers' compensation court of appeals, commissioner, or compensation judge from requiring proof of the fact.

The answer shall include the names and addresses of all known witnesses; whether or not the employer intends to schedule an adverse examination and, if known, the date, time, and place of all adverse examinations; the desired location for a hearing; any request for a prehearing or settlement conference; the estimated time needed to present evidence at a hearing; and, if an affidavit of significant financial hardship and request for an expedited hearing are included with the petition, any objection the employer may have to that request. If the date, time, and place of all adverse examinations is unknown at the time the answer is filed, the employer must notify the commissioner in writing of the date, time, and place of all adverse examinations within 50 days of the filing of the claim petition.

Sec. 73. Minnesota Statutes 1986, section 176.321, subdivision 3, is amended to read:

Subd. 3. [EXTENSION OF TIME IN WHICH TO FILE ANSWER.] Upon showing of cause, the commissioner of the department of labor and industry may extend the time in which to file an answer or reply for not more than 30 additional days. The time to file an answer or reply may also be extended upon agreement of the petitioner, and provided that the commissioner must be notified in writing by the employer no later than five days beyond the time required for the filing of the answer of the fact that an agreement has been reached, including the length of the extension. If an answer is not filed and there has been no extension by order of the commissioner or by agreement, the failure to file an answer shall be treated as a default. Any case received by the office that does not include an answer, written extension order, or written notification of

the extension agreement shall be immediately set for a hearing at the first available date under section 176.331.

Sec. 74. [176.322] [DECISIONS BASED ON STIPULATED FACTS.]

If the parties agree to a stipulated set of facts and only legal issues remain, the commissioner or compensation judge may determine the matter without a hearing based upon the stipulated facts and the determination is appealable to the court of appeals pursuant to sections 176.421 and 176.442. In any case where a stipulated set of facts has been submitted pursuant to this section, upon receipt of the file or the stipulated set of facts the chief administrative law judge shall immediately assign the case to a compensation judge for a determination. The judge shall issue a determination within 60 days after receipt of the stipulated facts.

Sec. 75. Minnesota Statutes 1986, section 176.331, is amended to read:

176.331 [AWARD BY DEFAULT PROCEEDINGS WHEN ANSWER NOT FILED.]

Except in cases involving multiple employers or multiple insurers, 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 or obtain an extension from the commissioner or the petitioner as required by section 176.321, subdivision 3, the commissioner shall request refer the matter to the chief administrative law judge to assign the matter to a compensation judge for an immediate hearing and prompt award or other order. 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.

If an adverse party who fails to serve and file an answer is neither insured for workers' compensation liability nor a licensed self-insured as required by section 176.181 and the special compensation fund is a party to the proceeding, the commissioner or compensation judge may enter an order awarding benefits to the petitioning party without a hearing if so requested by the special compensation fund.

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.

Sec. 76. Minnesota Statutes 1986, section 176.341, subdivision 3, is amended to read:

Subd. 3. [NOTICE MAILED TO EACH PARTY.] Unless subdivision 6 applies, at least 30 days prior to the date of hearing, the chief administrative law judge shall mail a notice of the time and place of hearing to each interested party. This subdivision does not apply to hearings which have been continued from an earlier date. In those cases, the notice shall be given in a manner deemed appropriate by the chief administrative law judge after considering the particular circumstances in each case.

Sec. 77. Minnesota Statutes 1986, section 176.341, is amended by adding a subdivision to read:

Subd. 4. [CONTINUANCES.] Only the chief administrative law judge or designee, on a showing of good cause, may grant a continuance of a hearing at the office. Except in cases of emergency or other good cause shown, any request for a continuance must be signed by both the party and the attorney seeking the continuance.

A continuance of a hearing will be granted only upon a showing of good cause. Good cause is established when the underlying eventuality is unforeseen, is not due to lack of preparation, is relevant, is brought to the chief administrative law judge's attention in a timely manner and does not prejudice the adversary.

Continuances will not be granted for the reason that an attorney for one of the parties has scheduled a vacation for the date set for the hearing unless the attorney has, prior to the setting of the hearing date, notified the office of the unavailable dates.

Continuances which are requested during the course of a hearing are subject to the same standards but may be granted or denied by the compensation judge assigned to the hearing. Continuances of prehearing or settlement conferences at the department or at the office are subject to the same standards but may be granted or denied by a settlement judge, the calendar judge, compensation judge, or other presiding officer assigned to the prehearing or settlement conference.

Sec. 78. Minnesota Statutes 1986, section 176.341, is amended by adding a subdivision to read:

Subd. 5. [EVIDENCE.] Absent a clear showing of surprise at the hearing or the unexpected unavailability of a crucial witness, all evidence must be submitted at the time of the hearing. Upon a showing of good cause, the compensation judge may grant an extension not to exceed 30 days following the hearing date.

Sec. 79. Minnesota Statutes 1986, section 176.341, is amended by adding a subdivision to read:

Subd. 6. [SIGNIFICANT FINANCIAL HARDSHIP; EXPEDITED HEARINGS.] An employee may file a request for an expedited hearing which must be granted upon a showing of significant financial hardship. In determining whether a significant financial hardship exists, consideration shall be given to whether the employee is presently employed, the employee's income from all sources, the nature and extent of the employee's expenses and debts, whether the employee is the sole support of any dependents, whether either foreclosure of homestead property or repossession of necessary personal property is imminent, and any other matters which have a direct bearing on the employee's ability to provide food, clothing, and shelter for the employee and any dependents.

A request for an expedited hearing must be accompanied by a sworn affidavit of the employee providing facts necessary to satisfy the criteria for a significant financial hardship. The request may be made at the time a claim petition is filed or any time thereafter. Unless the employer objects to the request in the answer to the claim petition or within 20 calendar days of the filing of a request made subsequent to the filing of the claim petition, the affidavit is a sufficient showing of significant financial hardship.

If a request for an expedited hearing has been served and filed, the commissioner or compensation judge shall issue an order granting or denying the request, provided that where the parties agree that significant financial hardship exists or no objection to the request is timely filed, the request is automatically granted and the compensation judge or commissioner need not issue an order. If it is denied, the matter will be returned to the regular calendar of cases and the request for an expedited hearing may be renewed at a settlement conference. If no objection has been timely filed or if the request is granted, the commissioner shall immediately refer the matter to the office to commence prehearing procedures.

The calendar judge shall issue a prehearing order and notice of the date, time, and place for a prehearing conference which shall be set for no later than 45 days following the filing of the affidavit of significant financial hardship. The prehearing order shall require the parties to serve and file prehearing statements no later than five working days prior to the date set for the prehearing conference. The prehearing statements shall include those items listed in the joint rules of the division and the office which the calendar judge deems appropriate.

Following any prehearing conference and absent an agreement or stipulation from the parties, the commissioner or compensation judge shall issue an order establishing deadlines for the parties to complete their preparation for hearing and, after consultation with



the calendar judge, establishing the date, time, and place for a hearing.

Sec. 80. Minnesota Statutes 1986, section 176.351, subdivision 2a, is amended to read:

Subd. 2a. [SUBPOENAS NOT PERMITTED.] A member of the rehabilitation review panel or medical services board or an employee of the department who has conducted an administrative or settlement conference or hearing under ~~section 176.192, 176.103, 176.135, 176.136, 176.242, or 176.243~~ section 29 or 60, shall not be subpoenaed to testify regarding the conference, hearing, or concerning a mediation session. A member of the rehabilitation review panel, medical services board, or an employee of the department may be required to answer written interrogatories limited to the following questions:

(a) Were all statutory and administrative procedural rules adhered to in reaching the decision?

(b) If the answer to question (a) is no, what deviations took place?

(c) Did the person making the decision consider all the information presented prior to rendering a decision?

(d) Did the person making the decision rely on information outside of the information presented at the conference or hearing in making the decision?

(e) If the answer to question (d) is yes, what other information was relied upon in making the decision?

In addition, for a hearing with a compensation judge and with the consent of the compensation judge, an employee of the department who conducted an administrative conference, hearing, or mediation session, may be requested to answer written interrogatories relating to statements made by a party at the prior proceeding. These interrogatories shall be limited to affirming or denying that specific statements were made by a party.

Sec. 81. Minnesota Statutes 1986, section 176.361, subdivision 2, is amended to read:

Subd. 2. [WRITTEN APPLICATION.] A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written application to intervene to the ~~compensation or settlement judge to whom the case has been assigned. If the case has not yet been assigned, the application shall~~

be made to the calendar judge if the case has been certified to the office, or to the division if the case has not been certified to the commissioner, the office, or to the mediation or rehabilitation and medical services section if the matter is pending in that section court of appeals, whichever is applicable.

(a) The application must be served on all parties either personally, by first class mail, or registered mail, return receipt requested. An application to intervene must be served and filed within 30 days after a person has received notice that a claim has been filed or a request for mediation made. An untimely application is subject to denial under subdivision 7.

(b) In any other situation, timeliness will be determined by the commissioner, compensation judge, or awarding authority in each case based on circumstances at the time of filing. The application must show how the applicant's legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the statutory right to intervene. The application must be accompanied by the following, if applicable, except that if the action is pending in the mediation or rehabilitation and medical services section, clause (6) is not required and the information listed in clauses (1) to (5) may be brought to the conference rather than attached to the application:

(1) an itemization of disability payments showing the period during which the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the division of vocational rehabilitation, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills on which some payment was made;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) a proposed order allowing intervention with sufficient copies to serve on all parties;

(7) the name and telephone number of the person representing the intervenor who has authority to reach a settlement of the issues in dispute;

(8) proof of service or copy of the registered mail receipt;

(9) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(10) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 82. Minnesota Statutes 1986, section 176.361, subdivision 5, is amended to read:

Subd. 5. [ORDER.] If an objection to intervention remains following settlement or pretrial conferences, the calendar commissioner or compensation judge shall rule on the intervention and the order is binding on the compensation judge to whom the case is assigned for hearing.

Sec. 83. Minnesota Statutes 1986, section 176.361, subdivision 7, is amended to read:

Subd. 7. [EFFECTS OF NONCOMPLIANCE.] Failure to comply with this section shall not result in a denial of the claim for reimbursement unless the compensation judge, or commissioner, or settlement judge determines that the noncompliance has materially prejudiced the interests of the other parties.

Sec. 84. Minnesota Statutes 1986, section 176.371, is amended to read:

#### 176.371 [AWARD OR DISALLOWANCE OF COMPENSATION.]

The compensation judge to whom a petition has been assigned for hearing, shall hear all competent, relevant evidence produced at the hearing. All questions of fact and law submitted to a compensation judge at the hearing shall be disposed of and the judge's decision shall be filed with the commissioner, except where expedited procedures require a shorter time, within 60 days after the submission, unless sickness or casualty prevents a timely filing, or the time is extended by written consent of the parties, or the chief administrative law judge extends the time for good cause. The compensation judge's decision shall include a determination of all contested issues of fact and law and an award or disallowance of compensation or

other order as the pleadings, evidence, this chapter and rule require. A compensation judge's decision shall include a memorandum only if necessary to delineate the reasons for the decision or to discuss the credibility of witnesses. A memorandum shall not contain a recitation of the evidence presented at the hearing but shall be limited to the compensation judge's basis for the decision.

No part of the salary of a compensation judge shall be paid unless the chief administrative law judge determines that all decisions of that judge have been issued within the time ~~limit~~ limits prescribed by this ~~section~~ chapter.

Sec. 85. Minnesota Statutes 1986, section 176.411, subdivision 1, is amended to read:

Subdivision 1. [CONDUCT OF HEARINGS AND INVESTIGATIONS.] Except as otherwise provided by this chapter, when a compensation judge makes an investigation or conducts a hearing, the compensation judge is bound neither by the common law or statutory rules of evidence nor by technical or formal rules of pleading or procedure. Hearsay evidence which is reliable is admissible. The investigation or hearing shall be conducted in a manner to ascertain the substantial rights of the parties.

Findings of fact shall be based upon competent relevant and material evidence only, as presented by competent witnesses, and shall comport with section 176.021.

Sec. 86. Minnesota Statutes 1986, section 176.421, is amended by adding a subdivision to read:

Subd. 3a. [CROSS-APPEAL.] The respondent may cross-appeal within the 30-day period for taking an appeal, or within 15 days after service of the notice of appeal on that respondent, whichever is later.

Sec. 87. Minnesota Statutes 1986, section 176.421, subdivision 4, is amended to read:

Subd. 4. [SERVICE AND FILING OF NOTICE; COST OF TRANSCRIPT.] Within the 30-day period for taking an appeal, the appellant shall:

- (1) serve a copy of the notice of appeal on each adverse party;
- (2) file the original notice, with proof of service by admission or affidavit, with the chief administrative law judge and file a copy with the commissioner;

(3) in order to defray the cost of the preparation of the record of the proceedings appealed from, pay to the state treasurer, office of administrative hearings account the sum of \$25.

The first party to file an appeal is liable for the original cost of preparation of the transcript. Cross-appellants or any other persons requesting a copy of the transcript are liable for the cost of the copy. The chief administrative law judge may require payment for transcription costs to be made in advance of the transcript preparation. The cost of a transcript prepared by a nongovernmental source shall be paid directly to that source and shall not exceed the cost that the source would be able to charge the state for the same service.

Upon a showing of cause, the chief administrative law judge may direct that a transcript be prepared without expense to the party requesting its preparation, in which case the cost of the transcript shall be paid by the office of administrative hearings.

All fees received by the office of administrative hearings for the preparation of the record for submission to the workers' compensation court of appeals or for the cost of transcripts prepared by the office shall be deposited in the office of administrative hearings account in the state treasury and shall be used solely for the purpose of keeping the record of hearings conducted under this chapter and the preparation of transcripts of those hearings.

Sec. 88. Minnesota Statutes 1986, section 176.442, is amended to read:

176.442 [APPEALS FROM DECISIONS OF COMMISSIONER.]

Except for a commissioner's decision which may be heard de novo in another proceeding including but not limited to a decision from an administrative conference under section 176.102, 176.103, 176.242, or 176.243, 29, 60, or a summary decision under section 176.305, any decision or determination of the commissioner affecting a right, privilege, benefit, or duty which is imposed or conferred under this chapter is subject to review by the workers' compensation court of appeals. A person aggrieved by the determination may appeal to the workers' compensation court of appeals by filing a notice of appeal with the commissioner in the same manner and within the same time as if the appeal were from an order or decision of a compensation judge to the workers' compensation court of appeals.

Sec. 89. Minnesota Statutes 1986, section 176.511, subdivision 1, is amended to read:

Subdivision 1. [PARTIES NOT AWARDED COSTS.] Except as provided otherwise by this chapter and specifically by this section, in appeals before the ~~workers' compensation~~ court of appeals or hear-

ings proceedings before the division or a compensation judge, the rehabilitation review panel, or the medical services review board costs shall not be awarded to either any party.

Sec. 90. Minnesota Statutes 1986, section 176.511, subdivision 2, is amended to read:

Subd. 2. [DISBURSEMENTS, TAXATION.] ~~The commissioner or compensation judge, the commissioner on behalf of the rehabilitation review panel or the medical services review board or on appeals to appeal the workers' compensation court of appeals, the workers' compensation court of appeals~~ may award the prevailing party reimbursement for actual and necessary disbursements. These disbursements shall be taxed upon five days written notice to adverse parties.

Sec. 91. Minnesota Statutes 1986, section 176.511, subdivision 3, is amended to read:

Subd. 3. [ATTORNEY'S FEE, ALLOWANCE.] Where upon an appeal to the workers' compensation court of appeals, an award of compensation is affirmed, or modified and affirmed, or an order disallowing compensation is reversed, the workers' compensation court of appeals may include in its award as an incident to its review on appeal an amount to cover a reasonable attorney's fee, or it may allow the fee in a proceeding to tax disbursements.

If the employer or insurer files a notice of discontinuance of an employee's benefits and an administrative conference is held to resolve the dispute, but the employer or insurer fails to attend the administrative conference, the commissioner or compensation judge may order the employer or insurer to pay the employee's attorney fees as a cost under this section if the employee's benefits are continued.

Sec. 92. Minnesota Statutes 1986, section 176.521, is amended to read:

#### 176.521 [SETTLEMENT OF CLAIMS.]

Subdivision 1. [VALIDITY.] An agreement between an employee or an employee's dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation under this chapter is valid where it has been executed in writing and signed by the parties and intervenors in the matter, and, where one or more of the parties is not represented by an attorney, the division commissioner or a compensation judge has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals or district court, the workers' compensation court of appeals or district court is the approving body.

Subd. 2. [APPROVAL.] Settlements shall be approved only if the terms conform with this chapter.

The ~~division commissioner~~, a compensation judge, the ~~workers' compensation court of appeals~~, and the district court shall exercise discretion in approving or disapproving a proposed settlement.

The parties to the agreement of settlement have the burden of proving that the settlement is reasonable, fair, and in conformity with this chapter. A settlement agreement where both the employee or the employee's dependent and the employer or insurer ~~and intervenors in the matter~~ are represented by an attorney shall be conclusively presumed to be reasonable, fair, and in conformity with this chapter except when the settlement purports to be a full, final, and complete settlement of an employee's right to medical compensation under this chapter or rehabilitation under section 176.102. A settlement which purports to do so must be approved by the ~~division commissioner~~, a compensation judge, or ~~workers' compensation court of appeals~~.

The conclusive presumption in this subdivision applies to a settlement agreement entered into on or after January 15, 1982, whether the injury to which the settlement applies occurred prior to or on or after January 15, 1982.

Subd. 2a. [SETTLEMENTS NOT SUBJECT TO APPROVAL.] When a settled case is not subject to approval, upon receipt of the stipulation for settlement, ~~the commissioner~~, a compensation judge, a ~~settlement judge~~, or the ~~workers' compensation court of appeals~~ shall immediately sign the award and file it with the commissioner. Payment pursuant to the award shall be made within 14 days after it is filed with the commissioner. The commissioner may correct mathematical or clerical errors at any time.

Subd. 3. [SETTING ASIDE AWARD UPON SETTLEMENT.] Notwithstanding the provisions of subdivision 1, 2, or 2a, or any provision in the agreement of settlement to the contrary, upon the filing of a petition by any party to the settlement, the ~~workers' compensation court of appeals~~ may set aside an award made upon a settlement, pursuant to this chapter. In appropriate cases, the ~~workers' compensation court of appeals~~ may refer the matter to the chief administrative law judge for assignment to a compensation judge for hearing.

Sec. 93. [176.540] [TRANSFER OF STATE CLAIMS UNIT TO DEPARTMENT OF EMPLOYEE RELATIONS.]

The responsibilities of the commissioner of labor and industry relating to the administration and payment of workers' compensation benefits to state employees under chapter 176 and the administration of the peace officers benefits fund under chapter 176B, and

the staff assigned to administer these responsibilities, are hereby transferred to the department of employee relations under section 15.039. The complement positions to be transferred shall be determined by the commissioner of administration in consultation with the commissioners of employee relations and labor and industry.

Sec. 94. Minnesota Statutes 1986, section 176.541, subdivision 2, is amended to read:

Subd. 2. [DEFENSE OF CLAIM AGAINST STATE.] When the commissioner of the department of labor and industry employee relations believes that a claim against the state for compensation should be contested, the commissioner shall defend the state claim.

Sec. 95. Minnesota Statutes 1986, section 176.541, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF ATTORNEY GENERAL.] At any stage in such a compensation proceeding, the attorney general may assume the duty of defending the state. When the commissioner of the department of labor and industry employee relations or a department of this state requests the attorney general to assume the defense, the attorney general shall do so.

Sec. 96. Minnesota Statutes 1986, section 176.541, subdivision 4, is amended to read:

Subd. 4. [MEDICAL EXAMINATION OF EMPLOYEE; WITNESSES; CONDUCT OF DEFENSE.] In conducting a defense against a claim for compensation, the commissioner of the department of labor and industry employee relations or the attorney general, as the case may be, may require that an employee submit to a medical examination, procure the attendance of expert and other witnesses at a hearing, and do any other act necessary to conduct a proper defense.

Sec. 97. Minnesota Statutes 1986, section 176.541, subdivision 6, is amended to read:

Subd. 6. [LEGAL AND CLERICAL HELP.] The commissioner of the department of labor and industry employee relations may employ such legal and clerical help as authorized by the department of administration. The salaries of these persons shall be paid from the state compensation revolving fund, but shall be apportioned among the several departments of the state in relation to the amount of compensation paid to employees of any department as against the total amount of compensation paid to employees of all departments.



Sec. 98. Minnesota Statutes 1986, section 176.571, subdivision 1, is amended to read:

Subdivision 1. [PRELIMINARY INVESTIGATION.] When the head of a department has filed a report or the commissioner of ~~the department of labor and industry~~ employee relations has otherwise received information of the occurrence of an injury to a state employee for which liability to pay compensation may exist, the commissioner of ~~the department of labor and industry~~ employee relations shall make a preliminary investigation to determine the question of probable liability.

In making this investigation, the commissioner of ~~the department of labor and industry~~ employee relations may require the assistance of the head of any department or any employee of the state. The commissioner of ~~the department of labor and industry~~ employee relations may require that all facts be furnished which appear in the records of any state department bearing on the issue.

Sec. 99. Minnesota Statutes 1986, section 176.571, subdivision 2, is amended to read:

Subd. 2. [FINDINGS OF FACT, PROPOSED ORDER DETERMINATION BY DEPARTMENT.] When the commissioner of ~~the department of labor and industry~~ employee relations has completed an investigation, the commissioner shall ~~make findings of fact and shall enter an award or other order which the commissioner proposes to make relating to the liability of the state to pay compensation inform the claimant, the head of the employing department, and the commissioner of finance in writing of the action taken.~~

Sec. 100. Minnesota Statutes 1986, section 176.572, is amended to read:

176.572 [CONTRACT WITH INSURANCE CARRIERS.]

The commissioner of employee relations may contract with group health insurance carriers or health maintenance organizations to provide health care services and reimburse health care payments for injured state employees entitled to benefits under this chapter.

Sec. 101. Minnesota Statutes 1986, section 176.581, is amended to read:

176.581 [FINDINGS AND FINAL ORDER PAYMENT TO STATE EMPLOYEES.]

Subdivision 1. [FILING OF CERTIFIED COPIES.] The commissioner of the department of labor and industry shall file a certified

copy of the findings and final order with the attorney general and the commissioner of finance.

Subd. 2. [PAYMENT OF COMPENSATION.] Upon a warrant prepared by the commissioner of the department of ~~labor and industry~~ employee relations and approved by the commissioner of finance, and in accordance with the terms of the order awarding compensation, the state treasurer shall pay compensation to the employee or the employee's dependent. These payments shall be made from money appropriated for this purpose.

Subd. 3. [RECEIPTS FILED.] The person to whom compensation is paid shall file with the commissioner of the department of ~~labor and industry~~ all current interim and final receipts for such payment as is required of employers.

Sec. 102. Minnesota Statutes 1986, section 176.591, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION PAYMENTS UPON WARRANTS.] The state treasurer shall make compensation payments from the fund only as authorized by this chapter upon warrants of the commissioner of the department of ~~labor and industry~~ employee relations.

Sec. 103. Minnesota Statutes 1986, section 176.603, is amended to read:

176.603 [COST OF ADMINISTERING CHAPTER, PAYMENT.]

The annual cost to the commissioner of the department of ~~labor and industry~~ employee relations of administering this chapter in relation to state employees and the necessary expenses which the department of ~~labor and industry~~ employee relations or the attorney general incurs in investigating, administering, and defending a claim against the state for compensation shall be paid from the state compensation revolving fund.

Sec. 104. Minnesota Statutes 1986, section 176.66, subdivision 1, is amended to read:

Subdivision 1. [DISABILITY, DISABLEMENT.] The disablement of an employee or functional loss of use or impairment of function, permanent in nature resulting from an occupational disease shall be regarded as a personal injury within the meaning of the workers' compensation law.

Sec. 105. Minnesota Statutes 1986, section 176.83, subdivision 5, is amended to read:

Subd. 5. [EXCESSIVE MEDICAL SERVICES.] In consultation with the medical services review board or the rehabilitation review panel, rules establishing standards and procedures for determining whether a provider of health care services and rehabilitation services, including a provider of medical, chiropractic, podiatric, surgical, hospital or other services, is performing procedures or providing services at a level or with a frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards.

If it is determined by the payer that the level, frequency or cost of a procedure or service of a provider is excessive according to the standards established by the rules, the provider shall not be paid for the excessive procedure, service, or cost by an insurer, self-insurer, or group self-insurer, and the provider shall not be reimbursed or attempt to collect reimbursement for the excessive procedure, service, or cost from any other source, including the employee, another insurer, the special compensation fund, or any government program unless the commissioner, ~~medical services review board, or workers' compensation court of appeals~~ or compensation judge determines at a hearing or administrative conference that the level, frequency, or cost was not excessive in which case the insurer, self-insurer, or group self-insurer shall make the payment deemed reasonable.

A health or rehabilitation provider who is determined by the ~~commissioner~~ rehabilitation review panel or medical services review board, after hearing, to be consistently performing procedures or providing services at an excessive level or cost may be prohibited from receiving any further reimbursement for procedures or services provided under this chapter. A prohibition imposed on a provider under this subdivision may be grounds for revocation or suspension of the provider's license or certificate of registration to provide health care or rehabilitation service in Minnesota by the appropriate licensing or certifying body.

The rules adopted under this subdivision shall require insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this clause.

Sec. 106. Minnesota Statutes 1986, section 176.83, subdivision 7, is amended to read:

Subd. 7. [MISCELLANEOUS RULES.] Rules necessary for implementing and administering the provisions of sections 176.131, 176.132, 176.134, sections ~~176.242~~ 59 and ~~176.243~~ 60; sections 176.251, 176.66 to 176.669, and rules regarding proper allocation of compensation under section 176.111. Under the rules adopted under section 176.111 a party may petition for a hearing before a compensation judge to determine the proper allocation. In this case the compensation judge may order a different allocation than prescribed by rule.

Sec. 107. Minnesota Statutes 1986, section 176.83, subdivision 11, is amended to read:

Subd. 11. [~~SUITABLE GAINFUL EMPLOYMENT INDEPENDENT CONTRACTORS.~~] Rules establishing criteria to be used by the division, compensation judge, and ~~workers' compensation~~ court of appeals to determine "suitable gainful employment" and "independent contractor."

Sec. 108. Minnesota Statutes 1986, section 176.84, is amended to read:

176.84 [SPECIFICITY OF NOTICE OR STATEMENT.]

Subdivision 1. [SPECIFICITY REQUIRED.] ~~All Notices or statements required by this chapter including, but not limited to, notices or statements pursuant to sections 176.102; 176.221; 176.241; 176.242; and 176.243 of discontinuance and denials of liability shall be sufficiently specific to convey clearly, without further inquiry, the basis upon which the party issuing the notice or statement is acting. If the commissioner or compensation judge determines that a notice or statement is not sufficiently specific to meet the standard under this section, the notice or statement may be rejected as unacceptable and the party issuing it shall be informed of this. The rejected notice or statement may be amended to meet the requirement of this section or a new one may be filed.~~

Subd. 2. [PENALTY.] The commissioner or compensation judge may impose a penalty of \$300 for each violation of subdivision 1.

Subd. 3. [EFFECTIVE DATE.] This section shall not be effective until the commissioner adopts rules which specify what is required to be contained in the notice of discontinuance and the denial of liability.

Sec. 109. Minnesota Statutes 1986, section 176B.02, is amended to read:

176B.02 [PEACE OFFICERS BENEFIT FUND.]

There is hereby created in the state treasury an account to be known as peace officers benefit fund. Funds in the peace officers benefit fund shall consist of moneys appropriated to that fund. The administrator of the fund is the commissioner of ~~labor and industry~~ employee relations, who shall follow the procedures specified in section 176.541, subdivisions 2, 3, and 4.

Sec. 110. Minnesota Statutes 1986, section 176B.05, is amended to read:

## 176B.05 [ATTORNEY'S FEES FOR CLAIMING BENEFITS.]

No fee for legal services which is claimed for the work of an attorney relating to a claim made pursuant to the provisions of sections 176B.01 to 176B.05 is binding unless the amount of the fee charged is determined and approved in writing by the commissioner, compensation judge, or the workers' compensation court of appeals.

## Sec. 111. [REPEALER.]

Minnesota Statutes 1986, sections 176.011, subdivisions 25 and 26; 176.012; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 3v; 176.102, subdivision 6a; 176.103, subdivision 4; 176.136, subdivision 4; 176.195, subdivisions 4, 5, and 6; 176.241; 176.242; 176.2421; 176.243; 176.244; 176.271, subdivision 2; 176.501; 176.571, subdivisions 3, 4, 5, 6, and 7; and 176.602, are repealed.

## Sec. 112. [EFFECTIVE DATES.]

Sections 42, 44, 49, 56, 57, 58, 63, 72, and 73 are effective October 1, 1987. All other sections are effective July 1, 1987."

Delete the title and insert:

"A bill for an act relating to workers' compensation; providing a general administrative reform; providing for certain proceedings to be expedited; regulating the payment and amount of compensation; providing penalties; amending Minnesota Statutes 1986, sections 14.48; 175.007, subdivision 1; 175.101, subdivision 2; 176.011, subdivisions 2, 6, 7a, 9, 16, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 1, and by adding a subdivision; 176.081, subdivision 2; 176.101, subdivisions 1, 2, 5, and by adding a subdivision; 176.102, subdivisions 2, 3, 3a, 4, 6, 8, 10, and 13; 176.103, subdivisions 2 and 3; 176.111, subdivision 17; 176.132, subdivision 1; 176.133; 176.135, subdivisions 1, 1a, 2, 3, and by adding subdivisions; 176.136, subdivision 2; 176.1361; 176.139; 176.155, subdivisions 1, 3, and 5; 176.179; 176.185, by adding a subdivision; 176.191, subdivisions 1 and 2; 176.195, subdivision 3, 176.221, subdivisions 1, 3, and 7; 176.225, subdivisions 1 and 4; 176.231, subdivisions 2, 10, and by adding a subdivision; 176.271, subdivision 1; 176.275; 176.291; 176.301, subdivision 1; 176.305, subdivisions 1, 2, and by adding subdivisions; 176.306, subdivision 1, and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, subdivision 3, and by adding subdivisions; 176.351, subdivision 2a; 176.361, subdivisions 2, 5, and 7; 176.371; 176.411, subdivision 1; 176.421, subdivision 4, and by adding a subdivision; 176.442; 176.511, subdivisions 1, 2, and 3; 176.521; 176.541, subdivisions 2, 3, 4, and 6; 176.571, subdivisions 1 and 2; 176.572; 176.581; 176.591, subdivision 3; 176.603; 176.66, subdivision 1; 176.83, subdivisions 5, 7, and 11; 176.84; 176B.02; and

176B.05; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1986, sections 176.011, subdivisions 25 and 26; 176.012; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 3v; 176.102, subdivision 6a; 176.103, subdivision 4; 176.136, subdivision 4; 176.195, subdivisions 4, 5, and 6; 176.241; 176.242; 176.2421; 176.243; 176.244; 176.271, subdivision 2; 176.501; 176.571, subdivisions 3, 4, 5, 6, and 7; and 176.602.”

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1002, A bill for an act relating to utilities; establishing program to provide communication-impaired people with devices enabling their use of telephones; creating advisory committee and requiring report; providing for payment of costs of program; proposing coding for new law in Minnesota Statutes, chapter 237.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [237.50] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 7 have the meanings given them in this section.

Subd. 2. [BOARD.] “Board” means the telecommunication access for communication-impaired persons board established in section 2.

Subd. 3. [COMMUNICATION IMPAIRED.] “Communication impaired” means certified as deaf, severely hearing impaired, hard of hearing, speech impaired, or deaf and blind.

Subd. 4. [COMMUNICATION DEVICE.] “Communication device” means a device that when connected to a telephone enables a communication-impaired person to communicate with another person utilizing the telephone system. A “communication device” includes a ring signaler, an amplification device, a telephone device for the deaf, and a telebraille unit.

Subd. 5. [EXCHANGE.] “Exchange” means a unit area established and described by the tariff of a telephone company for the administration of telephone service in a specified geographical area, usually embracing a city, town, or village and its environs, and

served by one or more central offices, together with associated facilities used in providing service within that area.

Subd. 6. [FUND.] "Fund" means the telecommunication access for communication-impaired persons fund established in section 3.

Subd. 7. [INTEREXCHANGE SERVICE.] "Interexchange service" means telephone service between points in two or more exchanges.

Subd. 8. [INTER-LATA INTEREXCHANGE SERVICE.] "Inter-LATA interexchange service" means interexchange service originating and terminating in different LATAs.

Subd. 9. [LOCAL ACCESS AND TRANSPORT AREA.] "Local access and transport area (LATA)" means a geographical area designated by the Modification of Final Judgment in U.S. v. Western Electric Co., Inc., 552 F. Supp. 131 (D.D.C. 1982), including modifications in effect on the effective date of sections 2 to 5.

Subd. 10. [LOCAL EXCHANGE SERVICE.] "Local exchange service" means telephone service between points within an exchange.

Subd. 11. [MESSAGE RELAY SERVICE.] "Message relay service" means a central statewide service through which a communication-impaired person, using a communication device, may send and receive messages to and from a non-communication-impaired person whose telephone is not equipped with a communication device and through which a non-communication-impaired person may, by using voice communication, send and receive messages to and from a communication-impaired person.

Sec. 2. [237.51] [BOARD.]

Subdivision 1. [CREATION.] The telecommunication access for communication-impaired persons board is established to establish and administer a program to distribute communication devices to eligible communication-impaired persons and to create and maintain a message relay service.

Subd. 2. [MEMBERS.] The board consists of 12 persons to include:

(1) the commissioner of the department of human services or the commissioner's designee;

(2) the director of the department of public service or the director's designee;

(3) five communication-impaired persons appointed by the governor;

(4) one person appointed by the governor who is a professional in the area of communications disabilities;

(5) one person appointed by the governor to represent the telephone company providing local exchange service to the largest number of persons;

(6) one member of the Minnesota Telephone Association appointed by the governor to represent other affected telephone companies;

(7) one person appointed by the governor to represent companies providing inter-LATA interexchange telephone service; and

(8) one person to represent the organization operating the message relay service to be appointed by the governor at the time the board contracts with the organization pursuant to section 5.

Subd. 3. [REMOVAL; VACANCY; EXPENSES.] The removal of members and filling of vacancies shall be handled as provided under section 15.059, subdivision 4. Members of the board may be reimbursed for expenses incurred in attending meetings as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2.

Subd. 4. [MEETINGS.] The board shall meet at least monthly until December 31, 1988, and at least quarterly thereafter.

Subd. 5. [DUTIES.] In addition to any duties specified elsewhere in sections 2 to 7, the board shall:

(1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;

(2) establish a method to verify eligibility requirements;

(3) research and publish lists of available communication devices and compatibility of the devices with available telephone equipment;

(4) enter contracts for the establishment and operation of the message relay service pursuant to section 5;

(5) inform the public and specifically the community of communication-impaired persons of the program;



(6) prepare the reports required by section 6;

(7) administer the fund created in section 3;

(8) retain the services of a program administrator; and

(9) study the potential economic impact of the program on local communication device retailers and dispensers and develop guidelines for the purchase of some communication devices from local retailers and dispensers if the study determines that otherwise they will be economically harmed by implementation of sections 1 to 7.

Subd. 6. [ADMINISTRATIVE SUPPORT.] The director of the department of public service shall provide staff assistance not including the program administrator who is to be chosen by the board, administrative services, and office space under a contract with the board. The board shall reimburse the commissioner for services, staff, and space provided. The board may request necessary information from the supervising officer of any state agency.

Sec. 3. [237.52] [FUND; ASSESSMENT.]

Subdivision 1. [FUND.] A telecommunication access for communication-impaired persons fund is established as an account in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the fund.

Subd. 2. [ASSESSMENT.] The board shall annually recommend to the commission an adequate and appropriate mechanism to implement sections 1 to 7. The commission shall annually determine the funding mechanism to be used within 60 days of receipt of the recommendation of the program administrator and shall order the imposition of surcharges effective on the earliest practicable date. The commission shall establish a monthly charge no greater than ten cents for each customer access line, including trunk equivalents as designated by the commission pursuant to section 403.11, subdivision 1.

Subd. 3. [COLLECTION.] Every telephone company providing local service in this state shall collect the charges established by the commission under subdivision 2 and transfer amounts collected to the commissioner of administration in the same manner as provided in section 403.11, subdivision 1, paragraph (c). The commissioner of administration must deposit the receipts in the fund established in subdivision 1.

Subd. 4. [APPROPRIATION.] Money in the fund is appropriated to the board to implement sections 2 to 7.

Subd. 5. [EXPENDITURES.] Money in the fund may only be used for:

(1) program administration including personnel cost, public relations, board members' expenses, preparation of reports, and other reasonable expenses not to exceed 20 percent of total program expenditures;

(2) reimbursing telephone companies for purchases made or services provided pursuant to section 4; and

(3) contracting for establishment and operation of the message relay service required by section 5.

All costs directly associated with the establishment of the board and program, the purchase and distribution of communication devices and the establishment and operation of the message relay service are either reimbursable or directly payable from the fund after authorization by the board.

Sec. 4. [237.53] [COMMUNICATION DEVICES.]

Subdivision 1. [APPLICATION.] A person applying for a communication device under this section must apply to the program administrator on a form prescribed by the board.

Subd. 2. [ELIGIBILITY.] To be eligible to obtain a communication device under this section, a person must be:

(1) at least five years of age;

(2) communication impaired;

(3) a resident of the state;

(4) a resident in a household that has a median income at or below the applicable median household income in the state, except a deaf and blind person applying for a telebraille unit may reside in a household that has a median income no more than 150 percent of the applicable median household income in the state; and

(5) a resident in a household that has telephone service or that has made application for service and has been assigned a telephone number.

Subd. 3. [DISTRIBUTION.] The telephone company providing local exchange service to the largest number of persons in the state shall purchase and distribute to each other telephone company providing local exchange service a sufficient number of communication devices so that each eligible household receives an appropriate

device. Each telephone company providing local exchange service shall distribute the devices to eligible households in its service area free of charge as directed by the program administrator. Initial distribution of the devices will be on a priority basis as determined by the board under section 2.

Subd. 4. [TRAINING; MAINTENANCE.] The company providing local exchange service to an eligible household shall maintain the communication devices and provide training, without charge, to first-time users of the devices.

Subd. 5. [WIRING INSTALLATION.] If a communication-impaired person is not served by telephone service and is subject to economic hardship as determined by the board, the telephone company providing local service shall at the direction of the administrator of the program install necessary outside wiring without charge to the household.

Subd. 6. [OWNERSHIP.] All communication devices purchased pursuant to subdivision 3 will become the property of the company providing the communication device to eligible recipients and are excluded from that company's rate base for the purpose of establishing rates under section 237.075 as applicable.

Subd. 7. [STANDARDS.] The communication devices distributed under this section must comply with the electronic industries association standards and approved by the Federal Communications Commission. Each company must provide each eligible person a choice of several models of devices, the retail value of which may not exceed \$600 for a communication device for the deaf and a retail value of \$7,000 for a telebraille device.

Subd. 8. [REIMBURSEMENT.] The board shall reimburse telephone companies for the cost of any purchase or service required under this section from money in the fund established in section 3.

Sec. 5. [237.54] [MESSAGE RELAY SERVICE.]

Subdivision 1. [ESTABLISHMENT.] The board shall contract with an inter-LATA interexchange telephone service provider to establish a third-party message relay service with an "800" number to enable telecommunication between communication-impaired persons and non-communication-impaired persons.

Subd. 2. [OPERATION.] The board shall contract with a local consumer organization that serves communication-impaired persons for operation of the message relay system. The operator of the system shall keep all messages confidential, shall train personnel in the unique needs of communication-impaired people, and shall inform communication-impaired persons and the public of the availability and use of the system. The operator shall not relay a

message unless it originates or terminates through a communication device for the deaf or a telebraille device.

Sec. 6. [237.55] [REPORTS; PLANS.]

The board shall prepare a report for presentation to the commission not later than December 31, 1987, to include plans for distributing communication devices and establishing a third-party message relay service and a recommendation for a funding mechanism pursuant to section 3, subdivision 2. The provision of service required under sections 1 to 7 may begin when the plan is approved by the commission or March 1, 1988, whichever is earlier.

Beginning in 1988, the board must prepare a report for presentation to the commission by December 31 of each year through the year 1992. Each report must review the accessibility of the telephone system to communication-impaired persons, review the ability of non-communication-impaired persons to communicate with communication-impaired persons via the telephone system, describe services provided, account for money received and disbursed annually for each aspect of the program to date, and include predicted future operation until the final report.

The final report must, in detail, describe program operation and make recommendations for the funding and service level for necessary ongoing services. The commission may recommend changes in the program to the legislature throughout its operation and shall make a recommendation to the legislature by February 1, 1993, for the future provision and maintenance of the services.

Sec. 7. [237.56] [ADEQUATE SERVICE.]

The services required to be provided under sections 1 to 6 may be enforced under section 237.081 upon a complaint of at least two communication-impaired persons within the service area of any one telephone company, provided that if only one person within the service area of a company is receiving service under sections 1 to 6, the commission may proceed upon a complaint from that person.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective July 1, 1987, and are repealed effective June 30, 1993."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1008, A bill for an act relating to occupations and professions; generally revising and updating the laws relating to licensure of podiatrists; providing for definitions, licensing, practice without a license, disciplinary action, and investigations; providing penalties; amending Minnesota Statutes 1986, sections 153.01, subdivisions 2 and 3; 153.02; 153.03; 214.01; and 319A.02; proposing coding for new law in Minnesota Statutes, chapter 153; repealing Minnesota Statutes 1986, sections 153.01, subdivision 4; 153.04 to 153.09; 153.13; 153.14; and 153.15.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 153.01, subdivision 2, is amended to read:

Subd. 2. [PODIATRY PODIATRIC MEDICINE.] ~~The word "Podiatry" is held to be "Podiatric medicine" means the diagnosis or medical, mechanical, or surgical treatment of the ailments of the human hand or, foot, ankle, and the soft tissue of the lower leg distal to the tibial tuberosity, including amputation of the toe, but not including amputation of the foot, hand, or fingers, or the use of anesthetics other than local anesthetics. It shall include "Podiatric medicine" includes the fitting prescribing or recommending of appliances, devices, or shoes for the correction or relief of minor foot ailments, except the amputation of the foot, hand, toes, or fingers, or the use of anesthetics other than local. It shall include "Podiatric medicine" includes the prescribing or administering of any drugs or medications necessary or helpful to the practice of podiatry as defined by this subdivision, provided, however, that licensed podiatrists shall be restricted in their prescribing or administering of any drugs or medications by the limitations imposed on the scope of practice of podiatry podiatric medicine as defined in this chapter.~~

Sec. 2. Minnesota Statutes 1986, section 153.01, subdivision 3, is amended to read:

Subd. 3. [BOARD.] ~~The word "Board" means the board of podiatry podiatric medicine of the state of Minnesota.~~

Sec. 3. Minnesota Statutes 1986, section 153.02, is amended to read:

153.02 [BOARD; APPOINTMENT; TERMS; COMPENSATION OF PODIATRIC MEDICINE.]

The governor shall appoint a board of ~~podiatry~~ podiatric medicine consisting of two public members as defined by section 214.02 and five resident podiatrists of good standing in their profession. The podiatrists must each hold a degree of doctor of podiatric medicine and be licensed to practice podiatric medicine under this chapter. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and processing of complaints; the setting of board fees; and other provisions related to board operations shall be as provided in chapter 214 and Laws 1976, chapter 222, sections 2 to 7.

The board shall elect from among its members a president and a secretary-treasurer. The board may adopt rules as necessary to carry out the purposes of this chapter. The members of the board may administer oaths and take testimony as to matters pertaining to the duties of the board. Four members of the board shall constitute a quorum for the transaction of business. The board shall have a common seal, which shall be kept by the executive director.

Sec. 4. Minnesota Statutes 1986, section 153.03, is amended to read:

153.03 [~~APPLICATION FOR REGISTRATION; EXPENSES.~~]

Application for registration shall be made upon blanks furnished by the board and signed and sworn to by the applicant. The expenses of administering sections ~~153.04 1~~ to ~~153.15 16~~ shall be paid from the appropriations made to the board.

Sec. 5. [153.16] [LICENSURE.]

Subdivision 1. [LICENSE REQUIREMENTS.] The board shall issue a license to practice podiatric medicine to a person who meets the following requirements:

(a) The applicant for a license shall file a written notarized application on forms provided by the board, showing to the board's satisfaction that the applicant is of good moral character and satisfies the requirements of this section.

(b) The applicant shall present evidence satisfactory to the board of being a graduate of a podiatric medical school approved by the board based upon its faculty, curriculum, facilities, accreditation by a recognized national accrediting organization approved by the board, and other relevant factors.

(c) The applicant must have passed an examination prepared and graded by the national board of podiatric medical examiners and

also pass a state clinical examination prepared and graded by the state board of podiatric medicine or a national clinical examination prepared and graded by the national board of podiatric medical examiners. The board shall by rule determine what score constitutes a passing score in each examination.

(d) Applicants graduating after 1986 from a podiatric medical school shall present evidence satisfactory to the board of the completion of (1) one year of graduate, clinical residency or preceptorship in a program accredited by a national accrediting organization approved by the board or (2) other graduate training that meets standards equivalent to those of an approved national accrediting organization or school of podiatric medicine.

(e) The applicant shall appear in person before the board or its designated representative to show that the applicant satisfies the requirements of this section. The board may establish as internal operating procedures the procedures or requirements for the applicant's personal presentation.

(f) The applicant shall pay a fee established by the board by rule. The fee shall not be refunded.

(g) The applicant must not have engaged in conduct warranting disciplinary action against a licensee. If the applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions and limitations the board considers appropriate.

(h) Upon payment of a fee as the board may require, an applicant who fails to pass an examination and is refused a license is entitled to reexamination within one year of the board's refusal to issue the license. No more than two reexaminations are allowed without a new application for a license.

Subd. 2. [APPLICANTS LICENSED IN ANOTHER STATE.] The board shall issue a license to practice podiatric medicine to any person currently or formerly licensed to practice podiatric medicine in another state who satisfies the requirements of this section:

(a) The applicant shall satisfy the requirements established in subdivision 1.

(b) The applicant shall present evidence satisfactory to the board indicating the current status of a license to practice podiatric medicine issued by the proper agency in another state or country.

(c) The applicant must not have had a license revoked, engaged in conduct warranting disciplinary action against a licensee, or been

subjected to disciplinary action, in another state. If an applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions or limitations the board considers appropriate.

(d) The applicant shall submit with the license application the following additional information for the five-year period preceding the date of filing of the application: (1) the name and address of the applicant's professional liability insurer in the other state; and (2) the number, date, and disposition of any podiatric medical malpractice settlement or award made to the plaintiff relating to the quality of podiatric medical treatment.

Subd. 3. [TEMPORARY PERMIT.] Upon payment of a fee and in accordance with the rules of the board, the board may issue a temporary permit to practice podiatric medicine to a podiatrist engaged in a clinical residency or preceptorship for a period not to exceed 12 months.

Sec. 6. [153.17] [PRACTICING WITHOUT LICENSE; PENALTY.]

Subdivision 1. [UNLAWFUL PRACTICE OF PODIATRIC MEDICINE.] It is unlawful for any person not holding a valid license or permit issued in accordance with this chapter to practice podiatric medicine as defined in section 153.01, subdivision 2, in this state.

Subd. 2. [PRACTICE OF PODIATRIC MEDICINE DEFINED.] It is unlawful for any person not holding a valid license issued in accordance with this chapter to:

(1) advertise, hold out to the public, or represent in any manner that the person is authorized to practice podiatric medicine in this state;

(2) use in the conduct of any occupation or profession pertaining to the diagnosis or medical, mechanical, or surgical treatment of the ailments of the human hand, foot, ankle, or soft tissue of the lower leg distal to the tibial tuberosity, the designation "doctor of podiatric medicine," "podiatrist," "D.P.M.," "podiatric physician," "chiropractist," "foot specialist," or "foot doctor," or uses any title, degree, letter, syllable, word, or words that would tend to lead the public to believe that person was authorized to practice or assume duties incident to the practice of podiatric medicine.

Subd. 3. [PENALTY.] Any person violating the provisions of subdivision 1 or 2 is guilty of a gross misdemeanor.

Sec. 7. [153.18] [EXEMPTIONS.]



Section 6 does not apply to, control, prevent or restrict the practice, service, or activities of:

(1) a person who is a commissioned medical officer of, a member of, or employed by, the armed forces of the United States, the United States Public Health Service, the Veterans Administration, any federal institution or any federal agency while engaged in the performance of official duties within this state, if the person is licensed elsewhere;

(2) a person licensed by a health related licensing board, as defined in section 214.01, subdivision 2, or registered by the commissioner of health under section 214.13, if the person's professional activities are confined within the scope of the license; or

(3) a Christian Scientist or other person who endeavors to prevent or cure disease or suffering exclusively by mental or spiritual means or by prayer.

Sec. 8. [153.19] [GROUNDS FOR DISCIPLINARY ACTION.]

Subdivision 1. [GROUNDS LISTED.] The board may refuse to grant a license or may impose disciplinary action as described in this section against any doctor of podiatric medicine. The following conduct is prohibited and is grounds for disciplinary action:

(1) failure to demonstrate the qualifications or satisfy the requirements for a license contained in this chapter or rules of the board; the burden of proof shall be upon the applicant to demonstrate the qualifications or satisfaction of the requirements;

(2) obtaining a license by fraud or cheating, or attempting to subvert the licensing examination process;

(3) conviction, during the previous five years, of a felony reasonably related to the practice of podiatric medicine;

(4) revocation, suspension, restriction, limitation, or other disciplinary action against the person's podiatric medical license in another state or jurisdiction, failure to report to the board that charges regarding the person's license have been brought in another state or jurisdiction, or having been refused a license by any other state or jurisdiction;

(5) advertising that is false or misleading;

(6) violating a rule adopted by the board or an order of the board, a state, or federal law that relates to the practice of podiatric medicine, or in part regulates the practice of podiatric medicine, or a state or federal narcotics or controlled substance law;

(7) engaging in any unethical conduct; conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare or safety of a patient; or podiatric medical practice that is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety, in any of which cases, proof of actual injury need not be established;

(8) failure to supervise a preceptor or resident;

(9) aiding or abetting an unlicensed person in the practice of podiatric medicine, except that it is not a violation of this clause for a podiatrist to employ, supervise, or delegate functions to a qualified person who may or may not be required to obtain a license or registration to provide health services if that person is practicing within the scope of that person's license or registration or delegated authority;

(10) adjudication as mentally incompetent, or mentally ill, or as a chemically dependent person, a person dangerous to the public, or a person who has a psychopathic personality by a court of competent jurisdiction, within or without this state;

(11) engaging in unprofessional conduct that includes any departure from or the failure to conform to the minimal standards of acceptable and prevailing podiatric medical practice, but actual injury to a patient need not be established;

(12) inability to practice podiatric medicine with reasonable skill and safety to patients by reason of illness or chemical dependency or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills;

(13) revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law;

(14) improper management of medical records, including failure to maintain adequate medical records, to comply with a patient's request made under section 144.335 or to furnish a medical record or report required by law;

(15) accepting, paying, or promising to pay a part of a fee in exchange for patient referrals;

(16) engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws;

(17) becoming addicted or habituated to a drug or intoxicant;

(18) prescribing a drug for other than medically accepted therapeutic or experimental or investigative purposes authorized by a state or federal agency;

(19) engaging in sexual conduct with a patient or conduct that may reasonably be interpreted by the patient as sexual, or in verbal behavior which is seductive or sexually demeaning to a patient; or

(20) failure to make reports as required by section 13 or to cooperate with an investigation of the board as required by section 9.

Subd. 2. [EVIDENCE.] In disciplinary actions alleging a violation of subdivision 1, clause (3) or (4), a copy of the judgment or proceeding under the seal of the court administrator or of the administrative agency that entered the same is admissible into evidence without further authentication and constitutes prima facie evidence of the contents of that judgment or proceeding.

#### Sec. 9. [153.20] [PODIATRIST COOPERATION.]

A podiatrist who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient medical records, as reasonably requested by the board, to assist the board in its investigation. The board shall pay for copies requested. If the board does not have a written consent from a patient permitting access to the patient's records, the podiatrist shall delete any data in the record that identifies the patient before providing it to the board. The board shall maintain any records obtained under this section as investigative data under chapter 13.

#### Sec. 10. [153.21] [MENTAL EXAMINATION; ACCESS TO MEDICAL DATA.]

Subdivision 1. [SUBMISSION TO EXAMINATION.] If the board has probable cause to believe that a doctor of podiatric medicine falls within the provisions of section 8, subdivision 1, clause (12), it may direct the doctor to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision, a doctor of podiatric medicine licensed under this chapter is considered to have consented to submit to a mental or physical examination when directed in writing by the board and further to have waived all objections to the admissibility of the examiner's testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a podiatrist to submit to an examination when directed constitutes an admission of the allegations against the podiatrist, unless the failure was due to circumstance beyond the podiatrist's control, in which case a default and final order may be entered without the taking of testimony or

presentation of evidence. A podiatrist affected under this subdivision shall at reasonable intervals be given an opportunity to demonstrate that the podiatrist can resume the competent practice of podiatric medicine with reasonable skill and safety to patients. In any proceeding under this subdivision, neither the record of proceedings nor the orders entered by the board shall be used against a podiatrist in any other proceeding.

Subd. 2. [ACCESS TO MEDICAL DATA.] In addition to ordering a physical or mental examination or chemical dependency evaluation, the board may, notwithstanding section 13.42, 144.651, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a licensee or applicant without the licensee's or applicant's consent if the board has probable cause to believe that a doctor of podiatric medicine falls within the provisions of section 8, subdivision 1, clause (12). The medical data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this section and is not liable in any action for damages for releasing the data requested by the board if the data are released in accordance with a written request under this section, unless the information is false and the provider giving the information knew, or had reason to believe, the information was false.

Sec. 11. [153.22] [FORMS OF DISCIPLINARY ACTION; DATES; AUTOMATIC SUSPENSION; REISSUANCE.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the board finds, after notice and hearing, that a licensed doctor of podiatric medicine has violated a provision or provisions of this chapter, it may do one or more of the following:

- (1) revoke the license;
- (2) suspend the license;
- (3) impose limitations or conditions on the podiatrist's practice of podiatric medicine; the imposition of retraining or rehabilitation requirements; the requirement of practice under supervision; or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;
- (4) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the podiatrist of any economic advantage gained by reason of the violation charged or to reimburse the board for the cost of the investigation and proceeding;

(5) order the podiatrist to provide unremunerated professional service under supervision at a designated public hospital, nursing home, clinic, or other health care institution; or

(6) censure or reprimand the licensed podiatrist.

Subd. 2. [TEMPORARY SUSPENSION OF LICENSE.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend the license of a doctor of podiatric medicine if the board finds that the doctor has violated a statute or rule that the board is empowered to enforce and continued practice by the doctor would create a serious risk of harm to the public. The suspension shall take effect upon written notice to the doctor, specifying the statute or rule violated. The suspension shall remain in effect until the board issues a final order in the matter after a hearing. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held under the contested case procedure of the administrative procedure act. The doctor shall be provided with at least 20 days notice of any hearing held under this subdivision. The hearing shall be scheduled to begin no later than 30 days after the issuance of the suspension order.

Subd. 3. [EFFECTIVE DATES.] A suspension, revocation, condition, limitation, qualification or restriction of a license shall be in effect pending determination of an appeal unless the court, upon petition and for good cause shown, shall otherwise order.

Subd. 4. [AUTOMATIC SUSPENSION.] A license to practice podiatric medicine is automatically suspended if (1) a guardian of the person of a licensee is appointed by order of a probate court under sections 525.54 to 525.61, for reasons other than the minority of the licensee; or (2) the licensee is committed by order of a probate court under chapter 253B or sections 526.09 to 526.11. The license remains suspended until the licensee is restored to capacity by a court and, upon petition by the licensee, the suspension is terminated by the board after a hearing.

Subd. 5. [CONDITIONS ON REISSUED LICENSE.] In its discretion, the board may restore and reissue a license to practice podiatric medicine, but as a condition of the license may impose any disciplinary or corrective measure that it might originally have imposed.

## Sec. 12. [153.23] [DISCIPLINARY INVESTIGATION.]

Subdivision 1. [MALPRACTICE COMPLAINTS.] Whenever the files maintained by the board show that a podiatric medical malpractice settlement or award to the plaintiff has been made against a podiatrist as reported by insurers, the executive director may initiate a complaint under section 214.10.

Subd. 2. [ACCESS TO HOSPITAL RECORDS.] The board shall have access to hospital and medical records of a patient treated by the podiatrist under review if the patient signs a written consent permitting that access. If no consent form has been signed, the hospital or podiatrist shall first delete data in the record that identifies the patient before providing it to the board.

Sec. 13. [153.24] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for discipline under this chapter may report the violation to the board.

Subd. 2. [INSTITUTIONS.] Any hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the board any action taken by the institution or organization or any of its administrators or medical or other committees to revoke, suspend, restrict, or condition a podiatrist's privilege to practice or treat patients in the institution, or as part of the organization, any denial of privileges, or any other disciplinary action. The institution or organization shall also report the resignation of any podiatrists before the conclusion of any disciplinary proceeding, or prior to the commencement of formal charges but after the podiatrist had knowledge that formal charges were contemplated or in preparation. No report shall be required of a podiatrist voluntarily limiting his or her practice at a hospital if the podiatrist notifies all hospitals at which the podiatrist has privileges of the voluntary limitation and the reasons for it.

Subd. 3. [LICENSED PROFESSIONALS.] A licensed health professional shall report to the board personal knowledge of any conduct that the professional reasonably believes constitutes grounds for disciplinary action under this chapter by any podiatrist, including any conduct showing that the podiatrist may be medically incompetent, or may have engaged in unprofessional conduct or may be medically or physically unable to engage safely in the practice of podiatric medicine.

Subd. 4. [INSURERS.] Four times a year as prescribed by the board, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to podiatrists shall submit to the board a report concerning the podiatrists against whom podiatric medical malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:

(1) the total number of podiatric malpractice settlements or awards made to the plaintiff;

(2) the date the podiatric malpractice settlements or awards to the plaintiff were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;

(4) the dollar amount of each podiatric malpractice settlement or award;

(5) the regular address of the practice of the podiatrist against whom an award was made or with whom a settlement was made; and

(6) the name of the podiatrist against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the foregoing information, report to the board any information it has that tends to substantiate a charge that a podiatrist may have engaged in conduct violating this chapter.

Subd. 5. [COURTS.] The court administrators of the district courts or any other court of competent jurisdiction shall report to the board any judgment or other determination of the court that adjudges or includes a finding that a podiatrist is mentally ill, mentally incompetent, guilty of a felony, or guilty of a violation of federal or state narcotics laws or controlled substances act, guilty of an abuse or fraud under Medicare or Medicaid, appoints a guardian of the podiatrist under sections 525.54 to 525.61 or commits a podiatrist under chapter 253B or sections 526.09 to 526.11.

Subd. 6. [SELF-REPORTING.] A podiatrist shall report to the board any personal action that would require that a report be filed with the board by any person, health care facility, business, or organization under subdivisions 2 to 5.

Subd. 7. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 6 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to assure prompt and accurate reporting.

#### Sec. 14. [153.25] [IMMUNITY.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the board under section 13 or for otherwise reporting to the board violations or alleged violations of section 8.

Subd. 2. [INVESTIGATION.] Members of the board and persons employed by the board or engaged in the investigation of violations and in the preparation and management of charges of violations of

this chapter on behalf of the board are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under this chapter.

Sec. 15. Minnesota Statutes 1986, section 214.01, subdivision 2, is amended to read:

Subd. 2. "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the board of medical examiners created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of psychology established pursuant to section 148.90, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatry podiatric medicine established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 16. Minnesota Statutes 1986, section 319A.02, subdivision 2, is amended to read:

Subd. 2. "Professional service" means personal service rendered by a professional pursuant to a license or certificate issued by the state of Minnesota to practice medicine and surgery pursuant to sections 147.01 to 147.29, chiropractic pursuant to sections 148.01 to 148.101, nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88 to 148.98, dentistry pursuant to sections 150A.01 to 150A.12; pharmacy pursuant to sections 151.01 to 151.40, podiatry podiatric medicine pursuant to sections ~~153.01 1 to 153.15 16~~, veterinary medicine pursuant to sections 156.001 to 156.14, architecture, engineering, surveying and landscape architecture pursuant to sections 326.02 to 326.15, accountancy pursuant to sections 326.17 to 326.23, or law pursuant to sections 481.01 to 481.17, or pursuant to a license or certificate issued by another state pursuant to similar laws.

Sec. 17. [REPEALER.]

Minnesota Statutes 1986, sections 153.01, subdivision 4; 153.04; 153.05; 153.06; 153.07; 153.08; 153.09; 153.13; 153.14; and 153.15, are repealed."

With the recommendation that when so amended the bill pass.

The report was adopted.



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

H. F. No. 1022, A bill for an act relating to human services; establishing a community services conversion project; proposing coding for new law in Minnesota Statutes, chapter 252.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [252.292] [COMMUNITY SERVICES CONVERSION PROJECT.]

Subdivision 1. [COMMISSIONER'S DUTIES; REPORT.] For the purposes of section 252.291, subdivision 3, the commissioner of human services shall ask counties to present proposals for the voluntary conversion of services provided by community intermediate care facilities for persons with mental retardation or related conditions to services provided under home and community-based services.

The commissioner shall report to the legislature by March 1, 1988, on the status of the community services conversion project. The report must include the project's cost, the number of counties and facilities participating, the number and location of decertified community intermediate care beds, and the project's effect on residents, former residents, and employees of community intermediate care facilities for persons with mental retardation or related conditions.

Subd. 2. [COUNTY PROPOSALS.] (a) The commissioner may approve county proposals within the limitations of this section. To be considered for approval, county proposals must contain the following information:

(1) specific plans for the development and provision of alternative services for residents moved from intermediate care facilities for persons with mental retardation or related conditions;

(2) time lines and expected beginning dates for resident relocation and facility closure; and

(3) projected caseloads and expenditures for intermediate care facilities for persons with mental retardation or related conditions and for home and community-based services.

(b) Counties must ensure that residents discharged from facilities participating in the project are moved to their home communities whenever possible. For the purposes of this section, "home community" means the county of financial responsibility or a county

adjacent to the county of financial responsibility. The commissioner shall have the sole authority to waive this requirement based on the choice of the person or the person's legal representative, if any.

(c) County proposals must comply with the need determination procedures in sections 252.28 and 252.291, the responsibility for persons with mental retardation or related conditions specified in section 256B.092, the requirements under United States Code, title 42, sections 1396 et seq., and section 256B.501, and the rules adopted under these laws.

(d) The commissioner shall give first priority to proposals that:

(1) respond to the emergency relocation of a facility's residents;

(2) result in the closing of a facility;

(3) demonstrate that alternative placements will be developed based on individual resident needs and applicable federal and state rules; and

(4) demonstrate savings of medical assistance expenditures. The commissioner shall give second priority to proposals that meet all of the above criteria except clause (1).

(e) The commissioner shall select proposals that best meet the criteria established in this subdivision within the appropriations made available for home and community-based services. The commissioner shall notify counties and facilities of the selections made and approved by the commissioner.

(f) For each proposal approved by the commissioner, a contract must be established between the commissioner, the county where the facility is located, and the participating facility. The contract must address the items in this subdivision and must be consistent with the requirements of this section.

Subd. 3. [HOME AND COMMUNITY-BASED SERVICES.] Home and community-based services shall be allocated to participating counties to replace intermediate care facility services for persons with mental retardation or related conditions that are decertified through the project. One additional home and community-based services placement shall be provided for each current resident of an intermediate care facility for persons with mental retardation or related conditions who chooses and is eligible for home and community-based services. The placement must meet applicable federal and state laws and rules. Additional home and community-based services placements will not be authorized for persons transferred to other intermediate care facilities for persons with mental retardation or related conditions, including state hospitals, or to

nursing homes licensed under chapter 144A, or for persons determined ineligible for home and community-based services.

The county must provide quarterly reports to the commissioner regarding the number of people moving out of participating facilities each month and their alternative placement. County actions that result in a denial of services, failure to act with reasonable promptness, suspension, reduction, or termination of services may be appealed by affected persons under section 256.045.

Subd. 4. [FACILITY RATES.] For purposes of this section, the commissioner shall establish payment rates under section 256B.501 and Minnesota Rules, parts 9553.0010 to 9553.0080, except that, in order to facilitate an orderly transition of residents from community intermediate care facilities for persons with mental retardation or related conditions to services provided under the home and community-based services program, the commissioner may, in a contract with the provider, modify the effect of provisions in Minnesota Rules, parts 9553.0010 to 9553.0080, as stated in clauses (a) to (i):

(a) extend the interim and settle-up rate provisions to include facilities covered by this section;

(b) extend the length of the interim period, but not to exceed 24 months. The commissioner may grant a variance to exceed the 24-month interim period, as necessary, for facilities which are licensed and certified to serve more than 99 persons. In no case shall the commissioner approve an interim period which exceeds 36 months;

(c) waive the investment per bed limitations for the interim period and the settle-up rate;

(d) limit the amount of reimbursable expenses related to the acquisition of new capital assets;

(e) prohibit the acquisition of additional capital debt or refinancing of existing capital debt unless prior approval is obtained from the commissioner;

(f) establish an administrative operating cost limitation for the interim period and the settle-up rate;

(g) require the retention of financial and statistical records until the commissioner has audited the interim period and the settle-up rate;

(h) require that the interim period be audited by a certified or licensed public accounting firm; or

(i) change any other provision to which all parties to the contract agree.

Sec. 2. Minnesota Statutes 1986, section 256B.092, subdivision 1, is amended to read:

Subdivision 1. [COUNTY OF FINANCIAL RESPONSIBILITY; DUTIES.] Before any services shall be rendered to persons with mental retardation or related conditions who are in need of social service and medical assistance, the county of financial responsibility shall conduct a diagnostic evaluation in order to determine whether the person is or may be mentally retarded or has or may have a related condition. If a client is diagnosed as mentally retarded or as having a related condition, that county must conduct a needs assessment, develop an individual service plan, provide ongoing case management services at the level identified in the individual service plan, and authorize placement for services. To the extent possible, for wards of the commissioner the county shall consider the opinions of the parent of the person with mental retardation or a related condition when developing the person's individual service plan. If the county of financial responsibility places a client in another county for services, the placement shall be made in cooperation with the host county of service, and arrangements shall be made between the two counties for ongoing social service, including annual reviews of the client's individual service plan. The host county may not make changes in the service plan without approval by the county of financial responsibility."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "requiring counties to consider the opinions of parents when developing service plans for persons with mental retardation and related conditions; amending Minnesota Statutes 1986, section 256B.092, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1076, A bill for an act relating to health; making nutrition data reporting discretionary rather than mandatory; governing the hazardous substance injury compensation board; authorizing the commissioner to control activities of carriers of communicable diseases; regulating licensure and inspections of hospitals, nursing homes, life support transportation systems, and eating places; clarifying powers of the office of health facility complaints; changing certain duties of the interagency board for

quality assurance; providing penalties; amending Minnesota Statutes 1986, sections 115B.28, subdivision 4; 144.0722; 144.092; 144.50, subdivisions 1 and 2; 144.55, by adding a subdivision; 144.653, subdivision 3; 144.804, subdivision 7; 144A.10, subdivisions 1 and 2; 144A.16; 144A.31; 144A.53, subdivision 1; 145.881, subdivision 1; 157.01; 157.02; 157.04; 157.09; and 157.14; proposing coding for new law in Minnesota Statutes, chapters 144 and 144A; repealing Minnesota Statutes 1986, sections 144.422; 144.424; 144.425; 144.471; 144.49, subdivision 5; 144.692; and 144.94.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 115B.28, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE PERSONNEL AND SERVICES.] The board may appoint an executive director who is not a member of the board. The executive director is in the unclassified service. The commissioner of health shall provide staff assistance, administrative services, and office space under a contract with the board. The board shall reimburse the commissioner for the staff, services, and space provided. In order to perform its duties, the board may request information from the supervising officer of any state agency or state institution of higher education. When requesting health data as defined in section 13.38 or sections 144.67 to 144.69, the board must submit a written release signed by the subject of the data or, if the subject is deceased, a representative of the deceased, authorizing release of the data in whole or in part. The supervising officer shall comply with the board's request to the extent possible considering available agency or institution appropriations and may assign agency or institution employees to assist the board in performing its duties under sections 115B.25 to 115B.37.

Sec. 2. Minnesota Statutes 1986, section 144.0722, is amended to read:

144.0722 [RESIDENT REIMBURSEMENT CLASSIFICATIONS; PROCEDURES FOR RECONSIDERATION.]

Subdivision 1. [RESIDENT REIMBURSEMENT CLASSIFICATIONS.] The commissioner of health shall establish resident reimbursement classifications based upon the assessments of residents of nursing homes and boarding care homes conducted under sections 144.072 and 144.0721, or under rules established by the commissioner of human services under sections 256B.41 to 256B.48. The reimbursement classifications established by the commissioner must conform to the rules established by the commissioner of human services.

Subd. 2. [NOTICE OF RESIDENT REIMBURSEMENT CLASSIFICATION.] The commissioner of health shall notify each resident, and the nursing home or boarding care home in which the resident resides, of the reimbursement classification established under subdivision 1. The notice must inform the resident of the classification that was assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, and the opportunity to request a reconsideration of the classification. The notice of resident classification must be sent by first-class mail. The individual resident notices may be sent to the resident's nursing home or boarding care home for distribution to the resident. The nursing home or boarding care home is responsible for the distribution of the notice to each resident, to the person responsible for the payment of the resident's nursing home expenses, or to another person designated by the resident. This notice must be distributed within three working days after the facility's receipt of the notices from the department.

Subd. 3. [REQUEST FOR RECONSIDERATION.] The resident or the nursing home or boarding care home may request that the commissioner reconsider the assigned reimbursement classification. The request for reconsideration must be submitted in writing to the commissioner within ten working 30 days of the receipt of the notice of resident classification. For reconsideration requests submitted by or on behalf of the resident, the time period for submission of the request begins as of the date the resident or the resident's representative receives the classification notice. The request for reconsideration must include the name of the resident, the name and address of the facility in which the resident resides, the reasons for the reconsideration, the requested classification changes, and documentation supporting the requested classification. The documentation accompanying the reconsideration request is limited to documentation establishing that the needs of the resident at the time of the assessment resulting in the disputed classification justify a change of classification.

Subd. 3a. [ACCESS TO INFORMATION.] Upon written request, the nursing home or boarding care home must give the resident or the resident's representative a copy of the assessment form and the other documentation that was given to the department to support the assessment findings. The nursing home or boarding care home shall also provide access to and a copy of other information from the resident's record that has been requested by or on behalf of the resident to support a resident's reconsideration request. A copy of any requested material must be provided within three working days of receipt of a written request for the information. If a facility fails to provide the material within this time, it is subject to the issuance of a correction order and penalty assessment under sections 144.653 and 144A.10. Notwithstanding those sections, any correction order issued under this subdivision must require that the facility immediately comply with the request for information and that as of the

date of the issuance of the correction order, the facility shall forfeit to the state a \$100 fine the first day of noncompliance, and an increase in the \$100 fine by \$50 increments for each day the noncompliance continues. For the purposes of this section, "representative" includes the resident's guardian or conservator, the person authorized to pay the nursing home expenses of the resident, a representative of the nursing home ombudsman's office whose assistance has been requested, or any other individual designated by the resident.

Subd. 3b. [FACILITY'S REQUEST FOR RECONSIDERATION.] In addition to the information required in subdivision 3, a reconsideration request from a nursing home or boarding care home must contain the following information: the date the resident reimbursement classification notices were received by the facility; the date the classification notices were distributed to the resident or the resident's representative; and a copy of a notice sent to the resident or to the resident's representative. This notice must tell the resident or the resident's representative that a reconsideration of the resident's classification is being requested, the reason for the request, that the resident's rate will change if the request is approved by the department and the extent of the change, that copies of the facility's request and supporting documentation are available for review, and that the resident also has the right to request a reconsideration. If the facility fails to provide this information with the reconsideration request, the request must be denied, and the facility may not make further reconsideration requests on that specific reimbursement classification.

Subd. 4. [RECONSIDERATION.] The commissioner's reconsideration must be made by individuals not involved in reviewing the assessment that established the disputed classification. The reconsideration must be based upon the initial assessment and upon the information provided to the commissioner under subdivision 3. If necessary for evaluating the reconsideration request, the commissioner may conduct on-site reviews. In its discretion, the commissioner may review the reimbursement classifications assigned to all residents in the facility. Within 15 working days of receiving the request for reconsideration, the commissioner shall affirm or modify the original resident classification. The original classification must be modified if the commissioner determines that the assessment resulting in the classification did not accurately reflect the needs of the resident at the time of the assessment. The resident and the nursing home or boarding care home shall be notified within five working days after the decision is made. The commissioner's decision under this subdivision is the final administrative decision of the agency.

Subd. 5. [AUDIT AUTHORITY.] The department of health may audit assessments of nursing home and boarding care home residents. These audits may be in addition to the assessments completed

by the department under section 144.0721. The audits may be conducted at the facility, and the department may conduct the audits on an unannounced basis.

Sec. 3. Minnesota Statutes 1986, section 144.092, is amended to read:

144.092 [COORDINATED NUTRITION DATA COLLECTION.]

The commissioner of health ~~shall~~ may 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~~ may 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~~ may 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. [144.4171] [SCOPE.]

Subdivision 1. [AUTHORITY.] Under the powers and duties assigned to the commissioner in sections 144.05 and 144.12, the commissioner shall proceed according to sections 4 to 19 with respect to persons who pose a health threat to others or who engage in noncompliant behavior.

Subd. 2. [PREEMPTION.] Sections 4 to 19 preempt and supersede any local ordinance or rule concerning persons who pose a health threat to others or who engage in noncompliant behavior.

Sec. 5. [144.4172] [DEFINITIONS.]

Subdivision 1. [CARRIER.] "Carrier" means a person who harbors or who the commissioner reasonably suspects of harboring a specific infectious agent whether or not there is present discernible clinical disease and who serves as a potential source of infection. In the absence of a medically accepted test, the commissioner may reasonably suspect an individual of carrier status only when a determination based upon specific facts justifies an inference that the individual harbors a specific infectious agent.

Subd. 2. [COMMUNICABLE DISEASE.] "Communicable disease" means a disease or condition that causes serious illness, serious disability, or death, the infectious agent of which may pass or be carried, directly or indirectly, from the body of one person to the body of another.



Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of health.

Subd. 4. [CONTACT NOTIFICATION PROGRAM.] "Contact notification program" means an ongoing program established by the commissioner to encourage carriers of a communicable disease whose primary route of transmission is through an exchange of blood, semen, or vaginal secretions, such as treponema pallidum, neisseria gonorrhoea, chlamydia trachomatis, and human immunodeficiency virus, to identify others who may be at risk by virtue of contact with the carrier.

Subd. 5. [DIRECTLY TRANSMITTED.] "Directly transmitted" means predominately:

- (1) sexually transmitted;
- (2) blood-borne; or
- (3) transmitted through direct or intimate skin contact.

Subd. 6. [HEALTH DIRECTIVE.] "Health directive" means a written statement, or, in urgent circumstances, an oral statement followed by a written statement within three days, from the commissioner, or local board of health with delegated authority from the commissioner, issued to a carrier who constitutes a health threat to others. A health directive must be individual, specific, and cannot be issued to a class of persons. The directive may require a carrier to cooperate with health authorities in efforts to prevent or control transmission of communicable disease, including participation in education, counseling, or treatment programs, and undergoing medical tests necessary to verify the person's carrier status. The written directive shall be served in the same manner as authorized in Minnesota Rules of Civil Procedure.

Subd. 7. [LICENSED HEALTH PROFESSIONAL.] "Licensed health professional" means a person licensed in Minnesota to practice those professions described in section 214.01, subdivision 2.

Subd. 8. [HEALTH THREAT TO OTHERS.] "Health threat to others" means that a carrier demonstrates an inability or unwillingness to conduct himself or herself in such a manner as to not place others at risk of exposure to infection that causes serious illness, serious disability, or death. It includes one or more of the following:

- (1) with respect to an indirectly transmitted communicable disease:

(a) behavior by a carrier which has been demonstrated epidemiologically to transmit or which evidences a careless disregard for the transmission of the disease to others; or

(b) a substantial likelihood that a carrier will transmit a communicable disease to others as is evidenced by a carrier's past behavior, or by statements of a carrier that are credible indicators of a carrier's intention.

(2) With respect to a directly transmitted communicable disease:

(a) repeated behavior by a carrier of a disease which has been demonstrated epidemiologically to transmit or which evidences a careless disregard for the transmission to others;

(b) a substantial likelihood that a carrier will repeatedly transmit a communicable disease to others as is evidenced by a carrier's past behavior, or by statements of a carrier that are credible indicators of a carrier's intention;

(c) affirmative misrepresentation by a carrier of his or her carrier status prior to engaging in any behavior which has been demonstrated epidemiologically to transmit the disease; or

(d) the activities referenced in subdivision 8, clause (1) if the person whom the carrier places at risk is: (i) a minor, (ii) of diminished capacity by reason of mood altering chemicals, including alcohol, (iii) has been diagnosed as having significantly subaverage intellectual functioning, (iv) has an organic disorder of the brain or a psychiatric disorder of thought, mood, perception, orientation, or memory which substantially impairs judgment, behavior, reasoning or understanding; (v) adjudicated as an incompetent; or (vi) a vulnerable adult as defined in section 626.557.

(3) Violation by a carrier of any part of a court order issued pursuant to this chapter.

Subd. 9. [INDIRECTLY TRANSMITTED.] "Indirectly transmitted" means any transmission not defined by subdivision 5.

Subd. 10. [NONCOMPLIANT BEHAVIOR.] "Noncompliant behavior" means a failure or refusal by a carrier to comply with a health directive.

Subd. 11. [RESPONDENT.] "Respondent" means any person against whom an action is commenced under sections 4 to 19.

Sec. 6. [144.4173] [CAUSE OF ACTION.]

Subdivision 1. [COMPLIANCE WITH DIRECTIVE.] Failure or refusal of a carrier to comply with a health directive is grounds for proceeding under subdivision 2.

Subd. 2. [COMMENCEMENT OF ACTION.] The commissioner, or a local board of health with express delegated authority from the commissioner, may commence legal action against a carrier who is a health threat to others, and unless an emergency court order is sought under section 15, who engages in noncompliant behavior, by filing with the district court in the county in which respondent resides, and serving upon respondent, a petition for relief and notice of hearing.

Sec. 7. [144.4174] [STANDING.]

Only the commissioner, or a local board of health, with express delegated authority from the commissioner, may commence an action under sections 4 to 19.

Sec. 8. [144.4175] [REPORTING.]

Subdivision 1. [VOLUNTARY REPORTING.] Any licensed health professional or other human services professional regulated by the state who has knowledge or reasonable cause to believe that a person is a health threat to others or has engaged in noncompliant behavior, as defined in section 5, may report that information to the commissioner.

Subd. 2. [LIABILITY FOR REPORTING.] A licensed health professional or other human services professional regulated by the state who has knowledge or reasonable cause to believe that a person is a health threat to others or has engaged in noncompliant behavior, and who makes a report in good faith under subdivision 1, is not subject to liability for reporting in any civil, administrative, disciplinary, or criminal action.

Subd. 3. [FALSIFIED REPORTS.] Any person who knowingly or recklessly makes a false report under the provisions of this section shall be liable in a civil suit for any actual damages suffered by the person or persons so reported and for any punitive damages set by the court or jury.

Subd. 4. [WAIVER OF PRIVILEGE.] Any privilege otherwise created in section 595.02, clauses (d), (e), (g) and (j), with respect to persons who make a report under subdivision 1, is waived regarding any information about a carrier as a health threat to others or about a carrier's noncompliant behavior in any investigation or action under sections 4 to 19.

Sec. 9. [144.4176] [PETITION; NOTICE.]

Subdivision 1. [PETITION.] The petition must set forth the following:

(1) the grounds and underlying facts that demonstrate that the respondent is a health threat to others and, unless an emergency court order is sought under section 15, has engaged in noncompliant behavior;

(2) the petitioner's efforts to alleviate the health threat to others prior to the issuance of a health directive, unless an emergency court order is sought under section 15;

(3) the petitioner's efforts to issue the health directive to the respondent in person, unless an emergency court order is sought under section 15;

(4) the type of relief sought; and

(5) a request for a court hearing on the allegations contained in the petition.

Subd. 2. [HEARING NOTICE.] The notice must contain the following information:

(1) the time, date, and place of the hearing;

(2) respondent's right to appear at the hearing;

(3) respondent's right to present and cross-examine witnesses; and

(4) respondent's right to counsel, including the right, if indigent, to representation by counsel designated by the court or county of venue.

Sec. 10. [144.4177] [TIME OF HEARING AND DUTIES OF COUNSEL.]

Subdivision 1. [TIME OF HEARING.] A hearing on the petition must be held before the district court in the county in which respondent resides as soon as possible, but no later than 14 days from service of the petition and hearing notice.

Subd. 2. [DUTIES OF COUNSEL.] In all proceedings under this section, counsel for the respondent shall (1) consult with the person prior to any hearing; (2) be given adequate time to prepare for all hearings; (3) continue to represent the person throughout any proceedings under this charge unless released as counsel by the court; and (4) be a vigorous advocate on behalf of the client.

Sec. 11. [144.4178] [CRIMINAL IMMUNITY.]

In accordance with section 609.09, subdivision 2, no person shall be excused in an action under sections 4 to 19 from giving testimony or producing any documents, books, records, or correspondence, tending to be self-incriminating; but the testimony or evidence, or other testimony or evidence derived from it, must not be used against the person in any criminal case, except for perjury committed in the testimony.

Sec. 12. [144.4179] [STANDARD OF PROOF; EVIDENCE.]

Subdivision 1. [CLEAR AND CONVINCING.] The commissioner must prove the allegations in the petition by clear and convincing evidence.

Subd. 2. [ALL RELEVANT EVIDENCE.] The court shall admit all reliable relevant evidence. Medical and epidemiologic data must be admitted if it otherwise comports with section 145.30, chapter 600, Minnesota Rules of Evidence 803(6), or other statutes or rules that permit reliable evidence to be admitted in civil cases.

Subd. 3. [CARRIER STATUS.] Upon a finding by the court that the commissioner's suspicion of carrier status is reasonable as established by presentation of facts justifying an inference that the respondent harbors a specific infectious agent, there shall exist a rebuttable presumption that the respondent is a carrier. This presumption may be rebutted if the respondent demonstrates noncarrier status after undergoing medically accepted tests.

Subd. 4. [FAILURE TO APPEAR.] If a party fails to appear at the hearing without prior court approval, the hearing may proceed without the absent party and the court may make its determination on the basis of all reliable evidence submitted at the hearing.

Subd. 5. [RECORDS.] The court shall take and preserve an accurate stenographic record of the proceedings.

Sec. 13. [144.4180] [REMEDIES.]

Subdivision 1. [REMEDIES AVAILABLE.] Upon a finding by the court that respondent is a health threat to others and, unless an emergency court order is sought under section 15, has engaged in noncompliant behavior, the court may order that the respondent must:

- (1) participate in a designated education program;
- (2) participate in a designated counseling program;
- (3) participate in a designated treatment program;

(4) undergo medically accepted tests, or treatment that is consistent with standard medical practice as necessary to make respondent noninfectious;

(5) notify or appear before designated health officials for verification of status, testing, or other purposes consistent with monitoring;

(6) cease and desist the conduct which constitutes a health threat to others;

(7) live part-time or full-time in a supervised setting for the period and under the conditions set by the court;

(8) subject to the provisions of subdivision 2, be committed to an appropriate institutional facility for the period and under the conditions set by the court, but not longer than six months, until the respondent is made noninfectious, or until the respondent completes a course of treatment prescribed by the court, whichever occurs first, unless the commissioner shows good cause for continued commitment; and

(9) comply with any combination of the remedies in clauses (1) to (8), or other remedies considered just by the court. In no case may a respondent be committed to a correctional facility.

Subd. 2. [COMMITMENT REVIEW PANEL.] The court may not order the remedy specified in subdivision 1, clause (8), unless it first considers the recommendation of a commitment review panel appointed by the commissioner to review the need for commitment of the respondent to an institutional facility.

The duties of the commitment review panel shall be to:

(1) review the record of the proceeding;

(2) interview the respondent. If the respondent is not interviewed, the reasons must be documented; and

(3) identify, explore, and list the reasons for rejecting or recommending alternatives to commitment.

Subd. 3. [CONSTRUCTION.] This section shall be construed so that the least restrictive alternative is used to achieve the desired purpose of preventing or controlling communicable disease.

Subd. 4. [ADDITIONAL REQUIREMENTS.] If commitment or supervised living is ordered, the court shall require the head of the institutional facility or the person in charge of supervision to submit: (a) a plan of treatment within ten days of initiation of commitment or supervised living; and (b) a written report, with a

copy to both the commissioner and the respondent, at least 60 days, but not more than 90 days, from the start of respondent's commitment or supervised living arrangement, setting forth the following:

(1) the types of support or therapy groups, if any, respondent is attending and how often respondent attends;

(2) the type of care or treatment respondent is receiving, and what future care or treatment is necessary;

(3) whether respondent has been cured or made noninfectious, or otherwise no longer poses a threat to public health;

(4) whether continued commitment or supervised living is necessary; and

(5) other information the court considers necessary.

Sec. 14. [144.4181] [APPEAL.]

The petitioner or respondent may appeal the decision of the district court. The court of appeals shall hear the appeal within 30 days after service of the notice of appeal. However, respondent's status as determined by the district court remains unchanged, and any remedy ordered by the district court remains in effect while the appeal is pending.

Sec. 15. [144.4182] [TEMPORARY EMERGENCY HOLD.]

Subdivision 1. [APPREHEND AND HOLD.] To protect the public health in an emergency, the court may order a health officer or peace officer to take a person into custody and transport the person to an appropriate emergency care or treatment facility for observation, examination, testing, diagnosis, care, treatment, and, if necessary, temporary detention. If the person is already institutionalized, the court may order the institutional facility to hold the person. These orders must be issued in an ex parte proceeding upon an affidavit of the commissioner or a designee of the commissioner. An order shall issue upon a determination by the court that reasonable cause exists to believe that the person is: (a) for indirectly transmitted diseases, an imminent health threat to others; or (b) for directly transmitted diseases a substantial likelihood of an imminent health threat to others.

The affidavit must set forth the specific facts upon which the order is sought and must be served on the person immediately upon apprehension or detention. An order under this section may be executed on any day and at any time.

Subd. 2. [DURATION OF HOLD.] No person may be held under subdivision 1 longer than 72 hours, exclusive of Saturdays, Sundays, and legal holidays, without a court hearing to determine if the emergency hold should continue.

Sec. 16. [144.4183] [EMERGENCY HOLD HEARING.]

Subdivision 1. [TIME OF NOTICE.] Notice of the emergency hold hearing must be served upon the person held under section 15, subdivision 1, at least 24 hours before the hearing.

Subd. 2. [CONTENTS OF NOTICE.] The notice must contain the following information:

- (1) the time, date, and place of the hearing;
- (2) the grounds and underlying facts upon which continued detention is sought;
- (3) the person's right to appear at the hearing;
- (4) the person's right to present and cross-examine witnesses; and
- (5) the person's right to counsel, including the right, if indigent, to representation by counsel designated by the court or county of venue.

Subd. 3. [ORDER FOR CONTINUED EMERGENCY HOLD.] The court may order the continued holding of the person if it finds, by a preponderance of the evidence, that the person would pose an imminent health threat to others if released. However, in no case may the emergency hold continue longer than five days, unless a petition is filed under section 6. If a petition is filed, the emergency hold must continue until a hearing on the petition is held under section 10. That hearing must occur within five days of the filing of the petition, exclusive of Saturdays, Sundays, and legal holidays.

Sec. 17. [144.4184] [CONTACT DATA.]

Identifying information voluntarily given to the commissioner, or an agent of the commissioner, by a carrier through a contact notification program must not be used as evidence in a court proceeding to determine noncompliant behavior.

Sec. 18. [144.4185] [COSTS.]

Subdivision 1. [COSTS OF CARE.] The court shall determine what part of the cost of care or treatment ordered by the court, if any, the respondent can pay. The respondent shall provide the court documents and other information necessary to determine financial



ability. If the respondent cannot pay the full cost of care, the rest must be paid by the county in which respondent resides. If the respondent provides inaccurate or misleading information, or later becomes able to pay the full cost of care, the respondent becomes liable to the county for costs paid by the county.

Subd. 2. [COURT-APPOINTED COUNSEL.] If the court appoints counsel to represent respondent free of charge, counsel must be compensated by the county in which respondent resides, except to the extent that the court finds that the respondent is financially able to pay for counsel's services. In these situations, the rate of compensation for counsel shall be determined by the court.

Subd. 3. [REPORT.] The commissioner shall report any recommendations for appropriate changes in the modes of financing of services provided under subdivision 1 by January 15, 1988.

#### Sec. 19. [144.4186] [DATA PRIVACY.]

Subdivision 1. [NONPUBLIC DATA.] Data contained in a health directive are classified as protected nonpublic data under section 13.02, subdivision 13, in the case of data not on individuals, and private under section 13.02, subdivision 12, in the case of data on individuals. Investigative data shall have the classification accorded it under section 13.39.

Subd. 2. [PROTECTIVE ORDER.] Once an action is commenced, any party may seek a protective order to protect the disclosure of portions of the court record identifying individuals or entities.

Subd. 3. [RECORDS RETENTION.] A records retention schedule for records developed under sections 4 to 19 shall be established pursuant to section 138.17, subdivision 7.

Sec. 20. Minnesota Statutes 1986, section 144.50, subdivision 1, is amended to read:

Subdivision 1. (a) No person, partnership, association, or corporation, nor any state, county, or local governmental units, nor any division, department, board, or agency thereof, shall establish, operate, conduct, or maintain in the state any hospital, sanatorium or other institution for the hospitalization or care of human beings without first obtaining a license therefor in the manner provided in sections 144.50 to 144.56. No person or entity shall advertise a facility providing services required to be licensed under sections 144.50 to 144.56 without first obtaining a license.

(b) A violation of this subdivision is a misdemeanor punishable by a fine of not more than \$300. The commissioner may seek an injunction in the district court against the continuing operation of

the unlicensed institution. Proceedings for securing an injunction may be brought by the attorney general or by the appropriate county attorney.

(c) The sanctions in this subdivision do not restrict other available sanctions.

Sec. 21. Minnesota Statutes 1986, section 144.50, subdivision 2, is amended to read:

Subd. 2. Hospital, sanatorium or other institution for the hospitalization or care of human beings, within the meaning of sections 144.50 to 144.56 shall mean any institution, place, building, or agency, in which any accommodation is maintained, furnished, or offered for five or more persons for: the hospitalization of the sick or injured; the provision of care in a swing bed authorized under section 144.562; elective outpatient surgery for preexamined, prediagnosed low risk patients; emergency medical services offered 24 hours a day, seven days a week, in an ambulatory or outpatient setting in a facility not a part of a licensed hospital; or the institutional care of human beings. Nothing in sections 144.50 to 144.56 shall apply to a clinic, a physician's office or to hotels or other similar places that furnish only board and room, or either, to their guests.

Sec. 22. [144.555] [HOSPITAL CLOSINGS; PATIENT RELOCATIONS.]

Subdivision 1. [NOTICE OF CLOSING OR CURTAILING SERVICE.] If a facility licensed under sections 144.50 to 144.56 voluntarily plans to cease operations or to curtail operations to the extent that patients or residents must be relocated, the controlling persons of the facility must notify the commissioner of health at least 90 days before the scheduled cessation or curtailment. The commissioner shall cooperate with the controlling persons and advise them about relocating the patients or residents.

Subd. 2. [PENALTY.] Failure to notify the commissioner under subdivision 1 may result in issuance of a correction order under section 144.653, subdivision 5.

Sec. 23. Minnesota Statutes 1986, section 144.653, subdivision 3, is amended to read:

Subd. 3. [ENFORCEMENT.] With the exception of the department of public safety which has the exclusive jurisdiction to enforce state fire and safety standards, the state commissioner of health is the exclusive state agency charged with the responsibility and duty of inspecting facilities required to be licensed under the provisions of sections 144.50 to 144.58 and enforcing the rules and standards prescribed by it.

The commissioner may request and must be given access to relevant information, records, incident reports, or other documents in the possession of a licensed facility if the commissioner considers them necessary for the discharge of responsibilities. For the purposes of inspections and securing information to determine compliance with the licensure laws and rules, the commissioner need not present a release, waiver, or consent of the individual. The identities of patients or residents must be kept private as defined by section 13.02, subdivision 12.

Sec. 24. Minnesota Statutes 1986, section 144.802, subdivision 3, is amended to read:

Subd. 3. (a) Each prospective licensee and each present licensee wishing to offer a new type or types of life support transportation service, to establish a new base of operation, or to expand a primary service area, shall make written application for a license to the commissioner on a form provided by the commissioner.

(b) For applications for the provision of life support transportation services in a service area located within a county, the commissioner shall promptly send notice of the completed application to the health systems agency or agencies, the county board and to each community health service agency or agencies board, regional emergency medical services system designated under section 144.8093, life support transportation service, and each municipality and county in the area in which life support transportation service would be provided by the applicant. The commissioner shall publish the notice, at the applicant's expense, in the state register and in a newspaper in the municipality in which the service would be provided base of operation will be located, or if no newspaper is published in the municipality or if the service would be provided in more than one municipality, in a newspaper published at the county seat of the county or counties in which the service would be provided.

(c) For applications for the provision of life support transportation services in a service area larger than a county, the commissioner shall promptly send notice of the completed application to the municipality in which the service's base of operation will be located and to each community health board, county board, regional emergency medical services system designated under section 144.8093, and life support transportation service located within the service area described by the applicant. The commissioner shall publish this notice, at the applicant's expense, in the State Register and in a newspaper with statewide circulation.

(d) The commissioner shall request that the chief administrative law judge appoint an administrative law judge to hold a public hearing in the municipality in which the service's base of operation will be located. The public hearing shall be conducted as contested case hearing under chapter 14.

(e) Each municipality, county, community health service, regional emergency medical services system, life support transportation service, and other person wishing to make recommendations concerning the disposition of the application shall make written recommendations to the health systems agency in its area administrative law judge within 30 days of the publication of notice of the application in the State Register.

(e) (f) The health systems agency or agencies administrative law judge shall:

(1) hold a public hearing in the municipality in which the service's base of operations is or will be located;

(2) provide notice of the public hearing in the newspaper or newspapers in which notice was published under part (a) (b) or (c) for two successive weeks at least ten days before the date of the hearing;

(3) allow any interested person the opportunity to be heard, to be represented by counsel, and to present oral and written evidence at the public hearing;

(4) provide a transcript of the hearing at the expense of any individual requesting it; and

(5) follow any further procedure not inconsistent with chapter 14, which it deems appropriate.

(d) (g) The health systems agency or agencies administrative law judge shall review and comment upon the application and shall make written recommendations as to its disposition to the commissioner within 90 days of receiving notice of the application. In making the recommendations, the health systems agency or agencies administrative law judge shall consider and make written comments as to whether the proposed service, change in base of operations, or expansion in primary service area is needed, based on consideration of the following factors:

(1) the relationship of the proposed service, change in base of operations or expansion in primary service area to the current health systems and annual implementation plans community health plan as approved by the commissioner under section 145.918;

(2) the recommendations or comments of the governing bodies of the counties and municipalities in which the service would be provided;

(3) the deleterious effects on the public health from duplication, if any, of life support transportation services that would result from granting the license;

(4) the estimated effect of the proposed service, change in base of operation or expansion in primary service area on the public health;

(5) whether any benefit accruing to the public health would outweigh the costs associated with the proposed service, change in base of operations, or expansion in primary service area.

The ~~health systems agency or agencies~~ administrative law judge shall recommend that the commissioner either grant or deny a license or recommend that a modified license be granted. The reasons for the recommendation shall be set forth in detail. The ~~health systems agency or agencies~~ administrative law judge shall make the recommendations and reasons available to any individual requesting them.

Sec. 25. Minnesota Statutes 1986, section 144.802, subdivision 4, is amended to read:

Subd. 4. Within 30 days after receiving the ~~health systems agency recommendations~~ administrative law judge's report, the commissioner shall grant or deny a license to the applicant. In granting or denying a license, the commissioner shall consider the ~~health systems agency recommendations~~ administrative law judge's report, the evidence contained in the application, and any hearing record and other applicable evidence, and ~~whether any benefit accruing to the public health would outweigh the costs associated with the proposed service, change in base of operations, or expansion in primary service area.~~ The commissioner's decision shall be based on a consideration of the factors contained in subdivision 3, clause (f). If the commissioner's decision is different from the ~~health systems agency~~ administrative law judge's recommendations, the commissioner shall set forth in detail the reasons for differing from the recommendations.

Sec. 26. Minnesota Statutes 1986, section 144.804, subdivision 7, is amended 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 (1) current first responder certificate issued under United States Department of Transportation standards, or (2) a valid class C driver's license provided a siren and flashing lights are not used and the vehicle is driven within legal speed limits, if, in either case, the life support transportation service vehicle is also staffed by two or more attendants meeting the following qualifications: (a) attendants staffing a basic life support transportation service vehicle shall meet the qualifications contained in subdivision 1; and (b) 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.

Sec. 27. Minnesota Statutes 1986, section 144A.10, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT AUTHORITY.] The commissioner of health is the exclusive state agency charged with the responsibility and duty of inspecting all facilities required to be licensed under section 144A.02. The commissioner of health shall enforce the rules established pursuant to sections 144A.01 to 144A.17, subject only to the authority of the department of public safety respecting the enforcement of fire and safety standards in nursing homes and the responsibility of the commissioner of human services under sections 245.781 to 245.821 or 252.28.

The commissioner may request and must be given access to relevant information, records, incident reports, or other documents in the possession of a licensed facility if the commissioner considers them necessary for the discharge of responsibilities. For the purposes of inspections and securing information to determine compliance with the licensure laws and rules, the commissioner need not present a release, waiver, or consent of the individual. The identities of patients or residents must be kept private as defined by section 13.02, subdivision 12.

Sec. 28. Minnesota Statutes 1986, section 144A.10, subdivision 2, is amended to read:

Subd. 2. [INSPECTIONS.] The commissioner of health shall inspect each nursing home to ensure compliance with sections 144A.01 to 144A.17 and the rules promulgated to implement them. The inspection shall be a full inspection of the nursing home. If upon a reinspection provided for in subdivision 5 the representative of the commissioner of health finds one or more uncorrected violations, a second inspection of the facility shall be conducted. The second inspection need not be a full inspection. No prior notice shall be given of an inspection conducted pursuant to this subdivision. Any employee of the commissioner of health who willfully gives or causes to be given any advance notice of an inspection required or authorized by this subdivision shall be subject to suspension or dismissal in accordance with chapter 43A. An inspection required by a federal rule or statute may be conducted in conjunction with or subsequent to any other inspection. Any inspection required by this subdivision may be in addition to or in conjunction with the reinspections required by subdivision 5. Nothing in this subdivision shall be construed to prohibit the commissioner of health from making more than one unannounced inspection of any nursing home during its license year. The commissioner of health shall coordinate inspections of nursing homes with inspections by other state and local

agencies consistent with the requirements of this section and the Medicare and Medicaid certification programs.

The commissioner shall conduct inspections and reinspections of health facilities with a frequency and in a manner calculated to produce the greatest benefit to residents within the limits of the resources available to the commissioner. In performing this function, the commissioner may devote proportionately more resources to the inspection of those facilities in which conditions present the most serious concerns with respect to resident health, treatment, comfort, safety, and well-being.

These conditions include but are not limited to: change in ownership; frequent change in administration in excess of normal turnover rates; complaints about care, safety, or rights; where previous inspections or reinspections have resulted in correction orders related to care, safety, or rights; and, where persons involved in ownership or administration of the facility have been indicted for alleged criminal activity. Any facility that has none of the above conditions or any other condition established by the commissioner that poses a risk to resident care, safety, or rights shall be inspected once every two years.

Sec. 29. [144A.115] [VIOLATIONS; PENALTIES.]

Subdivision 1. [OPERATING WITHOUT A LICENSE.] The operation of a facility providing services required to be licensed under sections 144A.02 to 144A.10 without a license is a misdemeanor punishable by a fine of not more than \$300.

Subd. 2. [ADVERTISING WITHOUT A LICENSE.] A person or entity that advertises a facility required to be licensed under sections 144A.02 to 144A.10 before obtaining a license is guilty of a misdemeanor.

Subd. 3. [OTHER SANCTIONS.] The sanctions in this section do not restrict other available sanctions.

Sec. 30. Minnesota Statutes 1986, section 144A.16, is amended to read:

144A.16 [CESSATION OF OPERATIONS.]

If a nursing home voluntarily plans to cease operations or to curtail operations to the extent that relocation of residents is necessary, the controlling persons of the facility shall notify the commissioner of health at least 90 days prior to the scheduled cessation or curtailment. The commissioner of health shall cooperate with and advise the controlling persons of the nursing home in

the resettlement of residents. Failure to comply with this section shall be a violation of section 144A.10.

Sec. 31. Minnesota Statutes 1986, section 144A.31, is amended to read:

144A.31 [INTERAGENCY BOARD FOR QUALITY ASSURANCE.]

Subdivision 1. [INTERAGENCY BOARD.] The commissioners of health and human services shall establish, by July 1, 1983, an interagency board of employees of their respective departments who are knowledgeable and employed in the areas of long-term care, geriatric care, long-term care facility inspection, or quality of care assurance. The number of interagency board members shall not exceed ~~seven~~ eight; three members each to represent the commissioners of health and human services and one member each to represent the ~~commissioner of public safety in the enforcement of fire and safety standards in nursing homes. The commissioner of human services or a designee shall chair and convene the board~~ directors of state planning and housing finance. The board shall identify long-term care issues requiring coordinated interagency policies and shall conduct analyses, coordinate policy development, and make recommendations to the commissioners for effective implementation of these policies. The commissioner of human services and the commissioner of health or their designees shall annually alternate chairing and convening the board. The board may utilize the expertise and time of other individuals employed by either department as needed. The board may recommend that the commissioners contract for services as needed. The board shall meet as often as necessary to accomplish its duties, but at least ~~monthly~~ quarterly. The board shall establish procedures, including public hearings, for allowing regular opportunities for input from residents, nursing homes, and other interested persons.

Subd. 2. [INSPECTIONS.] No later than January 1, ~~1984~~ 1988, the board shall develop and recommend implementation and enforcement of an effective system to ensure quality of care in each nursing home in the state. Quality of care includes evaluating, using the resident's care plan, whether the resident's ability to function is optimized and should not be measured solely by the number or amount of services provided.

The board shall assist the commissioner of health in ~~ensuring~~ developing methods to ensure that inspections and reinspections of nursing homes are conducted with a frequency and in a manner calculated to most effectively and appropriately fulfill its quality assurance responsibilities and achieve the greatest benefit to nursing home residents. The board shall identify and recommend criteria and methods for identifying those nursing homes that present the most serious concerns with respect to resident health, treatment,



comfort, safety, and well-being. The commissioner of health shall require a higher frequency and extent of inspections with respect to those nursing homes that present the most serious concerns with respect to resident health, treatment, comfort, safety, and well-being. These concerns include but are not limited to: complaints about care, safety, or rights; situations where previous inspections or reinspections have resulted in correction orders related to care, safety, or rights; instances of frequent change in administration in excess of normal turnover rates; and situations where persons involved in ownership or administration of the nursing home have been convicted of engaging in criminal activity. A nursing home that presents none of these concerns or any other concern or condition recommended by the board and established by the board commissioner that poses a risk to resident care, safety, or rights shall be inspected once every two years for compliance with key requirements as determined by the board.

The board shall develop and recommend to the commissioners mechanisms beyond the inspection process to protect resident care, safety, and rights, including but not limited to coordination with the office of health facility complaints and the nursing home ombudsman program.

Subd. 3. [METHODS FOR DETERMINING RESIDENT CARE NEEDS.] The board shall develop and recommend to the commissioners definitions for levels of care and methods for determining resident care needs for implementation on July 1, 1985 in order to adjust payments for resident care based on the mix of resident needs in a nursing home. The methods for determining resident care needs shall include assessments of ability to perform activities of daily living and assessments of medical and therapeutic needs.

Subd. 4. [ENFORCEMENT.] The board shall develop and recommend for implementation effective methods of enforcing quality of care standards. ~~When it deems necessary, and when all other methods of enforcement are not appropriate, the board shall recommend to the commissioner of health closure of all or part of a nursing home or certified boarding care home and revocation of the license.~~ The board shall develop and monitor, and the commissioner of human services shall implement, a resident relocation plan that instructs ~~the~~ a county in which ~~the~~ a nursing home or certified boarding care home is located of procedures to ensure that the needs of residents in nursing homes or certified boarding care homes about to be closed are met. The duties of a county under the relocation plan also apply when residents are to be discharged from a nursing home or certified boarding care home as a result of a change in certification, closure, or loss or termination of the facility's medical assistance provider agreement. The resident relocation plans and county duties required in this subdivision apply to the voluntary or involuntary closure, or reduction in services or size of, an intermediate care facility for the mentally retarded. The relocation plan for

intermediate care facilities for the mentally retarded must conform to Minnesota Rules, parts 4655.6810 to 4655.6830, 9525.0015 to 9525.0165, and 9546.0010 to 9546.0060, or their successors. The commissioner of human services may waive a portion of existing rules that the commissioner determines does not apply to persons with mental retardation or related conditions. The county shall ensure appropriate placement in swing beds in hospitals, placement in unoccupied beds in other nursing homes, utilization of residents in licensed and certified facilities or other alternative care such as home health care on a temporary basis, and foster care placement, or other appropriate alternative care. In preparing for relocation, the board shall ensure that residents and their families or guardians are involved in planning the relocation.

Subd. 5. [REPORTS.] The board shall prepare a report and the commissioners of health and human services shall deliver this report to the legislature no later than January 15, 1984, on the board's proposals and progress on implementation of the methods required under subdivisions subdivision 2, 3, and 4. The commissioners shall recommend changes in or additions to legislation necessary or desirable to fulfill their responsibilities. The board shall prepare an annual report and the commissioners shall deliver this report annually to the legislature, beginning in January, 1985, on the implementation and enforcement of the provisions of this section.

Subd. 6. [DATA.] The interagency board may have access to data from the commissioners of health, human services, and public safety for carrying out its duties under this section. The commissioner of health and the commissioner of human services may each have access to data on persons, including data on vendors of services, from the other to carry out the purposes of this section. If the interagency board, the commissioner of health, or the commissioner of human services receives data on persons, including data on vendors of services, that is collected, maintained, used or disseminated in an investigation, authorized by statute and relating to enforcement of rules or law, the board or the commissioner shall not disclose that information except:

- (a) pursuant to section 13.05;
- (b) pursuant to statute or valid court order; or
- (c) to a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

Data described in this subdivision is classified as public data upon its submission to an administrative law judge or court in an administrative or judicial proceeding.

Sec. 32. Minnesota Statutes 1986, 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 or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that a fee may not be charged 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 initiative of the director, any action or failure to act by a health care provider or a health facility;

(d) Request and receive access to relevant information, records, incident reports, or documents in the possession of an administrative agency, a health care provider, or a health facility, and issue investigative subpoenas to individuals and facilities for oral information and written information, including privileged information which the director deems necessary for the discharge of responsibilities. For purposes of investigation and securing information to determine violations, the director need not present a release, waiver, or consent of an individual. The identities of patients or residents must be kept private as defined by section 13.02, subdivision 12.

(e) Enter and inspect, at any time, a health facility and be permitted to interview staff; provided that the director shall not unduly interfere with or disturb the provision of care and services within the facility or the activities of a patient or resident unless the patient or 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; A facility's refusal to cooperate in providing lawfully requested information may also be grounds for a correction order.

(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 patients or residents of health facilities in the enforcement of their rights under Minnesota law; and.

(i) Work with administrative agencies, health facilities, 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. 33. Minnesota Statutes 1986, section 145.881, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION OF TASK FORCE.] The commissioner shall establish and appoint a maternal and child health advisory task force consisting of 15 members who will provide equal representation from:

(1) professionals with expertise in maternal and child health services;

(2) representatives of local health boards as defined in section 145.913; and

(3) consumer representatives interested in the health of mothers and children.

No members shall be employees of the state department of health. Task force members shall be appointed and removed as provided in section 15.059, ~~subdivision 6. Notwithstanding section 15.059, subdivisions 5 and 6, 2 and 4.~~ The maternal and child health advisory task force shall terminate on June 30, 1987 the date provided by section 15.059, subdivision 5, and members shall receive compensation as provided in section 15.059, subdivision 6.

Sec. 34. Minnesota Statutes 1986, section 145.882, subdivision 4, is amended to read:

Subd. 4. [DISTRIBUTION FORMULA.] The amount available for each community health services area is determined according to the following formula:

(a) Each community health services area is allocated an amount based on the following three variables:

(1) the proportion of resident mothers within the city, county, or counties who are under 20 years of age or over 35 years of age, as determined by averaging the data available for the three most current years;

(2) the proportion of resident infants within the city, county, or counties whose weight at birth is less than 2,500 grams, as determined by averaging the data available for the three most current years; and

(3) the proportion of resident children within the city, county, or counties under the age of 19 who are on general assistance or medical assistance and the proportion of resident women within the city, county, or counties aged 19 to 49 who are on general assistance or medical assistance, as determined by using the data available for the most current year.

(b) Each variable is expressed as a city or county score consisting of the city or county frequency of each variable divided by the statewide frequency of the variable.

(c) A total score for each city or county jurisdiction is computed by totaling the scores of the three factors and dividing the total by three. The resulting amount is added to the total score for the most recent two-year grant period and the sum is divided by two.

(d) Each community health services area is allocated an amount equal to the total score obtained above for the city, county, or counties in its area multiplied by the amount of money available for special projects of local significance.

Sec. 35. Minnesota Statutes 1986, section 157.01, is amended to read:

#### 157.01 [DEFINITIONS.]

Subdivision 1. [TYPES OF ESTABLISHMENTS.] Every building or structure or enclosure, or any part thereof, kept, used as, maintained as, or advertised as, or held out to the public to be an enclosure where sleeping accommodations are furnished to the public and furnishing accommodations for periods of less than one week shall for the purpose of this chapter be deemed a hotel.

Every building or other structure or enclosure, or any part thereof and all buildings in connection, kept, used or maintained as, or advertised as, or held out to the public to be an enclosure where meals or lunches are served or prepared for service elsewhere shall for the purpose of this chapter be deemed to be a restaurant, and the person in charge thereof, whether as owner, lessee, manager or agent, for the purpose of this chapter shall be deemed the proprietor of the restaurant, and whenever the word "restaurant" occurs in this chapter, it shall be construed to mean a structure as described in this section.

Every building or structure, or any part thereof, kept, used as, maintained as, advertised as, or held out to be a place where sleeping accommodations are furnished to the public as regular roomers, for periods of one week or more, and having five or more beds to let to the public, shall, for the purpose of this chapter, be deemed a lodging house.

Every building or structure or enclosure, or any part thereof, used as, maintained as, or advertised as, or held out to be an enclosure where meals or lunches are furnished to five or more regular boarders, whether with or without sleeping accommodations, for periods of one week or more, shall, for the purpose of this chapter, be deemed a boarding house.

Every building or structure, or any part thereof, used as, maintained as, or advertised as, or held out to be a place where confectionery, ice cream, or drinks of various kinds are made, sold or served at retail, shall, for the purpose of this chapter, be deemed to be a place of refreshment. This chapter shall not be applicable in any manner to a general merchandise store, grocery store, oil station, cigar stand, confectionery store, or drug store not providing meals, lunches, lodging, or fountain, bar, booth, or table service.

For the purpose of this chapter, a resort means any building, structure, or enclosure, or any part thereof, located on, or on property neighboring, any lake, stream, or skiing or hunting area for purposes of providing convenient access thereto, kept, used, maintained, or advertised as, or held out to the public to be an enclosure where sleeping accommodations are furnished to the public, and primarily to those seeking recreation, for periods of one day, one week, or longer, and having for rent five or more cottages, rooms, or enclosures.

Subd. 2. [LEVELS OF RISK.] (a) "High-risk establishment" means any lodging house, hotel, motel, restaurant, boarding house, place of refreshment, or resort that:

(1) serves potentially hazardous foods that require extensive processing on the premises, including manual handling, cooling, reheating, or holding for service;

(2) prepares foods several hours or days before service;

(3) serves menu items that epidemiologic experience has demonstrated to be common vehicles of food-borne illness;

(4) has a public swimming pool;

(5) draws its drinking water from a surface water supply; or

(6) has an on-site sewage disposal system and is located in an area where conditions are less favorable for the successful operation of such a system.

(b) "Medium-risk establishment" means a hotel, motel, restaurant, lodging house, boarding house, place of refreshment, or resort that:

(1) serves potentially hazardous foods but with minimal holding between preparation and service;

(2) serves low-risk foods that may or may not be potentially hazardous but require extensive handling, such as baked goods and pizzas;

(3) serves large volumes of food even though the food-borne illness risk is low; or

(4) is a lodging establishment with 25 or more units.

(c) "Low-risk establishment" means a hotel, motel, restaurant, lodging house, boarding house, place of refreshment, or resort that is not a high-risk or medium-risk establishment.

Sec. 36. Minnesota Statutes 1986, section 157.02, is amended to read:

157.02 [HOTEL INSPECTOR INSPECTION RECORDS.]

The hotel inspector commissioner of health shall keep a set of books for public use and inspection showing the condition of all hotels, motels, restaurants, lodging houses, boarding houses, resorts, and places of refreshment, together with the name of the owner, proprietor, or manager thereof, showing their sanitary condition, and any other information that may be for the betterment of the public service, and likewise assist in the enforcement of any orders promulgated by the state commissioner of health and the department of agriculture issue orders for correction of violations relating to hotels, motels, restaurants, lodging houses, boarding houses, resorts, and places of refreshment.

Sec. 37. Minnesota Statutes 1986, section 157.04, is amended to read:

157.04 [ANNUAL INSPECTION.]

It shall be the duty of the hotel inspector commissioner of health to inspect, or cause to be inspected, at least once annually, every hotel, motel, restaurant, lodging house, boarding house, or resort, or place of refreshment in this state. The frequency of inspections must be based on the degree of hazard to the public. High-risk establishments must be inspected at least once a year. Medium-risk establishments must be inspected at least once every 18 months. Low-risk establishments must be inspected at least once every two years. For this the purpose of conducting inspections, the inspector commissioner shall have the right to enter and have access thereto at any time during the conduct of business and when, upon inspection, it shall be found that the business and property so inspected is not

being conducted, or is not equipped, in the manner required by the provisions of this chapter or the rules of the state commissioner of health, or is being conducted in violation of any of the laws of this state pertaining to the business, it shall thereupon be the duty of the hotel inspector commissioner to notify the owner, proprietor, or agent in charge of the business, or the owner or agent of the buildings so occupied, of the condition so found. Each owner, proprietor, or agent shall forthwith comply with the provisions of this chapter or the rules of the commissioner, unless otherwise herein provided. A reasonable time may be granted by the hotel inspector commissioner for compliance with the provisions of this chapter.

Sec. 38. Minnesota Statutes 1986, section 157.09, is amended to read:

157.09 [REVOCAION OF LICENSE.]

It shall be the duty of the state hotel inspector commissioner of health to revoke a license, on the inspector's commissioner's finding that a place of business is being operated in violation of the provisions of this chapter or rules of the state commissioner of health, so as to constitute a filthy, unclean, and insanitary condition and dangerous to public health; or, if the owner or proprietor persistently refuses or fails to comply with the provisions of this chapter or rules of the commissioner. Upon revocation of a license, the place of business shall be immediately closed to public patronage until such time as the owner or proprietor shall have complied with the provisions of this chapter, as certified to by the issuance of a new license.

The third revocation of license in any one year and on any one proprietor shall be made permanent for a period of one year from the date of the last revocation.

Sec. 39. Minnesota Statutes 1986, section 157.14, is amended to read:

157.14 [EXEMPTIONS.]

This chapter shall not be construed to apply to interstate carriers under the supervision of the United States Department of Health, Education and Welfare or to any building constructed and primarily used for religious worship, nor to any building owned, operated and used by a college or university in accordance with regulations promulgated by the college or university. Any person, firm or corporation whose principal mode of business is licensed under sections 28A.04 and 28A.05 is exempt at that premises from licensure as a place of refreshment or restaurant; provided, that the holding of any license pursuant to sections 28A.04 and 28A.05 shall not exempt any person, firm, or corporation from the applicable provisions of the chapter or the rules of the state commissioner of



health relating to food and beverage service establishments. This chapter does not apply to family day-care homes or group family day-care homes governed by sections 245.781 to 245.812.

Sec. 40. [INSTRUCTION TO REVISOR.]

In the next and later editions of Minnesota Statutes, the revisor of statutes shall change the words "life support transportation service" to "ambulance service" in sections 144.801 to 144.8093 and 174.29.

Sec. 41. [REPEALER.]

Minnesota Statutes 1986, sections 144.422; 144.424; 144.425; 144.471; 144.49, subdivision 5; 144.692; 144.801, subdivision 8; and 144.94, are repealed."

Delete the title and insert:

"A bill for an act relating to health; making nutrition data reporting discretionary rather than mandatory; governing the hazardous substance injury compensation board; restructuring the commissioner's authority to control activities of carriers of communicable diseases; regulating licensure and inspections of hospitals, nursing homes, life support transportation systems, and eating places; clarifying powers of the office of health facility complaints; changing certain duties of the interagency board for quality assurance; providing penalties; amending Minnesota Statutes 1986, sections 115B.28, subdivision 4; 144.0722; 144.092; 144.50, subdivisions 1 and 2; 144.653, subdivision 3; 144.802, subdivisions 3 and 4; 144.804, subdivision 7; 144A.10, subdivisions 1 and 2; 144A.16; 144A.31; 144A.53, subdivision 1; 145.881, subdivision 1; 145.882, subdivision 4; 157.01; 157.02; 157.04; 157.09; and 157.14; proposing coding for new law in Minnesota Statutes, chapters 144 and 144A; repealing Minnesota Statutes 1986, sections 144.422; 144.424; 144.425; 144.471; 144.49, subdivision 5; 144.692; 144.801, subdivision 8; and 144.94."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 1095, A bill for an act relating to state government; reorganizing the department of agriculture, the department of energy and economic development, and the department of public service, and providing for the powers and duties of the three departments; changing the name of the department of energy and

economic development to the department of trade and economic development; abolishing and replacing the World Trade Center board; designating the department of jobs and training as the administrative agency for certain juvenile justice and delinquency prevention purposes; providing grants for youth intervention programs; appropriating money; amending Minnesota Statutes 1986, sections 15.057; 17.03, subdivision 1; 18.023, subdivision 11; 18.024, subdivision 1; 43A.08, subdivision 1; 104.35, subdivisions 2 and 3; 115A.12, subdivision 2; 116C.03, subdivision 2; 116J.01; 116J.03; 116J.37, subdivision 1; 116J.58, subdivision 2; 116J.60; 116J.63, subdivision 2; and 116M.10, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 17; 116J; and 268; proposing coding for new law as Minnesota Statutes, chapters 44B and 216C; repealing Minnesota Statutes 1986, sections 4.09; 17.03, subdivision 5; 116J.404; 116J.405; and chapter 44A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## “ARTICLE 1

### ENERGY

Section 1. Minnesota Statutes 1986, section 18.023, subdivision 11, is amended to read:

Subd. 11. [REPORT TO THE LEGISLATURE.] On or before January 31 of each year, the commissioner shall report to the legislature on the preceding year's approved disease control programs and any experimental programs conducted pursuant to subdivision 10a. The commissioner, with the assistance of the commissioner of energy trade and economic development and the director of public service, shall investigate and evaluate the potential uses of wood infected with shade tree disease, including the uses as an alternative energy source and as a component in the construction or manufacture of new products.

Sec. 2. Minnesota Statutes 1986, section 18.024, subdivision 1, is amended to read:

Subdivision 1. The department of agriculture, in cooperation with the commissioner of energy trade and economic development, the director of public service, and the Minnesota shade tree advisory committee, shall draft recommendations for wood utilization or disposal systems as defined in section 18.023. These recommendations shall encourage maximum utilization of diseased shade trees. In addition to insuring maximum utilization, the recommendations

~~shall~~ must be designed to insure public safety and to assure compliance with approved disease control programs.

Sec. 3. Minnesota Statutes 1986, section 104.35, subdivision 2, is amended to read:

Subd. 2. The commissioner shall make the proposed management plan available to affected local governmental bodies, shoreland owners, conservation and outdoor recreation groups, the commissioner of energy trade and economic development, the director of public service, the governor, and the general public. ~~The commissioner of energy trade and economic development, the director of public service,~~ and the governor shall review the proposed management plan pursuant to in accordance with the criteria specified in section 86A.09, subdivision 3, and submit any written comments to the commissioner within 60 days after receipt of the proposed management plan. Not less than 60 days after making such information available, the commissioner shall conduct a public hearing on the proposed management plan in the county seat of each county ~~which~~ that contains a portion of the designated area, in the manner provided in chapter 14.

Sec. 4. Minnesota Statutes 1986, section 104.35, subdivision 3, is amended to read:

Subd. 3. Upon receipt of the administrative law judge's report, the commissioner shall immediately forward the proposed management plan and the administrative law judge's report to the commissioner of energy trade and economic development and the director of public service for review pursuant to under section 86A.09, subdivision 3, except that the review by the commissioner of energy trade and economic development ~~shall~~ and the director of public service must be completed or be deemed completed within 30 days after receiving the administrative law judge's report, and the review by the governor ~~shall~~ must be completed or be deemed completed within 15 days after receipt. Within 60 days after receipt of the administrative law judge's report, the commissioner shall decide whether to designate by order the river or a segment thereof of the river as a wild, scenic, or recreational river and, if so designated, shall adopt a management plan to govern the area. The commissioner shall notify and inform public agencies and private landowners of the plan and its purposes so as to encourage their cooperation in the management and use of their land in a manner consistent with the plan and its purposes.

Sec. 5. Minnesota Statutes 1986, section 115A.12, subdivision 2, is amended to read:

Subd. 2. [TECHNICAL ADVISORY COUNCIL.] The chair of the board shall establish an interagency technical advisory council to advise the board and the chair on matters the board, through its

chair, deems necessary. The members of the council shall be are the commissioner of health; the commissioner of agriculture; the commissioner of natural resources; the director of the pollution control agency; the commissioner of energy trade and economic development; the director of public service; other heads of agency the chair of the board deems necessary; or their designees. The council shall meet at the call of the chair of the board, who shall serve as chair of the council. The members, collectively and individually shall advise the board and the chair on matters within their various areas of expertise and shall provide technical assistance and information as requested by the board through its chair.

Sec. 6. Minnesota Statutes 1986, section 116C.03, subdivision 2, is amended to read:

Subd. 2. The board shall include as members of the board are the director of the state planning agency, the director of public service, the director of the pollution control agency, the commissioner of natural resources, the commissioner of agriculture, the commissioner of health, the commissioner of transportation, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members shall must have knowledge of and be conversant in water management issues in the state.

Sec. 7. [216C.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to section 8 and those sections renumbered by section 10.

Subd. 2. [DIRECTOR.] "Director" means the director of the department of public service.

Subd. 3. [DEPARTMENT.] "Department" means the department of public service.

Sec. 8. [216C.02] [POWERS AND DUTIES OF DIRECTOR; RULES.]

Subdivision 1. [POWERS.] The director may:

(1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;

(2) apply for, accept, and disburse grants and other aids from public and private sources;

(3) contract for professional services if work or services required or authorized to be carried out by the director cannot be satisfactorily performed by employees of the department or by another state agency;

(4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;

(5) upon reasonable request, distribute informational material at no cost to the public; and

(6) enter into contracts for the performance of the director's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and 16B.

Subd. 2. [RULES.] The director may adopt rules under chapter 14 to carry out the director's duties and responsibilities under this section and those sections renumbered by section 10.

**Sec. 9. [FUNCTIONS TRANSFERRED; ENERGY DIVISION ESTABLISHED.]**

The functions of the department of energy and economic development energy division are transferred from that division to the public service department and are placed under the jurisdiction and control of the director of public service. The energy division is established within the department of public service. The division shall administer the duties and functions assigned to it by law.

**Sec. 10. [INSTRUCTION TO REVISOR.]**

Subdivision 1. The revisor of statutes shall renumber the section of Minnesota Statutes specified in column A with the corresponding number in column B. The revisor shall make necessary cross reference changes consistent with the renumbering.

In the statutes listed below, the revisor of statutes shall also change all references to "commissioner" or "commissioner of the department of energy and economic development" in the statutes specified in column A to "director" and all references to "department of energy and economic development" to "department."

Column A

116J.04

116J.05

116J.06

116J.07

116J.08

Column B

216C.04

216C.05

216C.06

216C.07

216C.08

<u>116J.09</u>	<u>216C.09</u>
<u>116J.10</u>	<u>216C.10</u>
<u>116J.11</u>	<u>216C.11</u>
<u>116J.12</u>	<u>216C.12</u>
<u>116J.13</u>	<u>216C.13</u>
<u>116J.14</u>	<u>216C.14</u>
<u>116J.15</u>	<u>216C.15</u>
<u>116J.16</u>	<u>216C.16</u>
<u>116J.17</u>	<u>216C.17</u>
<u>116J.18</u>	<u>216C.18</u>
<u>116J.19</u>	<u>216C.19</u>
<u>116J.20</u>	<u>216C.20</u>
<u>116J.21</u>	<u>216C.21</u>
<u>116J.22</u>	<u>216C.22</u>
<u>116J.23</u>	<u>216C.23</u>
<u>116J.24</u>	<u>216C.24</u>
<u>116J.25</u>	<u>216C.25</u>
<u>116J.26</u>	<u>216C.26</u>
<u>116J.261</u>	<u>216C.261</u>
<u>116J.262</u>	<u>216C.262</u>
<u>116J.27</u>	<u>216C.27</u>
<u>116J.29</u>	<u>216C.29</u>
<u>116J.30</u>	<u>216C.30</u>
<u>116J.31</u>	<u>216C.31</u>
<u>116J.315</u>	<u>216C.315</u>
<u>116J.32</u>	<u>216C.32</u>
<u>116J.33</u>	<u>216C.33</u>
<u>116J.34</u>	<u>216C.34</u>
<u>116J.35</u>	<u>216C.35</u>
<u>116J.373</u>	<u>216C.373</u>
<u>116J.38</u>	<u>216C.38</u>
<u>116J.381</u>	<u>216C.381</u>

Subd. 2. The revisor of statutes shall change all references to the "commissioner of energy and economic development" or the "commissioner" (meaning the commissioner of energy and economic development) to the "director of public service" or the "director" in the statutes listed below:

13.68

325F.19

325F.20

325F.21

325F.22

325F.23

325F.24

16B.56, subd. 1

115A.15

126.111

174.03, subd. 7

## AGRICULTURE AND TRADE

Sec. 11. Minnesota Statutes 1986, section 17.03, is amended by adding a subdivision to read:

Subd. 6. [COOPERATION WITH MINNESOTA TRADE OFFICE.] The commissioner of agriculture, the commissioner of trade and economic development, and the director of the Minnesota trade office shall cooperate with each other to promote the beneficial agricultural interests of the state. The commissioner of trade and economic development and the director of the Minnesota trade office have primary responsibility for promoting state agricultural interests to national and international markets. The commissioner of agriculture has primary responsibility for promoting the agricultural interests of producers, promoting state agricultural markets, and promoting agricultural interests of the state in cooperative production and marketing efforts with other states.

Sec. 12: Minnesota Statutes 1986, section 17.101, subdivision 1, is amended to read:

~~Subdivision 1. [DEPARTMENTAL DUTIES.]~~ For the purposes of expanding, improving, and developing the markets for products of Minnesota agriculture, the commissioner shall encourage and promote the marketing of these products by means of:

- (a) advertising Minnesota agricultural products;
- (b) assisting state agricultural commodity organizations;
- (c) developing methods to increase processing and marketing of agricultural commodities including commodities not being produced in Minnesota on a commercial scale, but which may have economic potential in national and international markets;
- (d) investigating and identifying new marketing technology and methods to enhance the competitive position of Minnesota agricultural products;
- (e) evaluating livestock marketing opportunities;

(f) assessing and developing national and international markets for Minnesota agricultural products;

(g) studying the conversion of raw agricultural products to manufactured products including ethanol;

(h) hosting the visits of foreign trade teams to Minnesota and defraying the teams' expenses;

(i) assisting Minnesota agricultural businesses desiring to sell their products ~~in national and international markets~~; and

(j) other activities the commissioner deems appropriate to promote Minnesota agricultural products ~~in national and international markets~~.

Sec. 13. Minnesota Statutes 1986, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. [UNCLASSIFIED POSITIONS.] Unclassified positions are held by employees who are:

- (a) Chosen by election or appointed to fill an elective office;
- (b) Heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions and institutions specifically established by law in the unclassified service;
- (c) Deputy and assistant agency heads, and one confidential secretary in the agencies listed in subdivision 1a;
- (d) The confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;
- (e) Intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (f) Employees in the offices of the governor and of the lieutenant governor, and one confidential employee for the governor in the office of the adjutant general;
- (g) Employees of the Washington, D.C., office of the state of Minnesota;
- (h) Employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, the deputy legislative



auditors, and their confidential secretaries, shall be employees in the classified service;

(h) (i) Presidents, vice presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants and student employees eligible under terms of the federal economic opportunity act work study program in the state universities and community colleges. ~~This paragraph shall, but not be construed to include the~~ custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;

(i) (j) Officers and enlisted persons in the national guard;

(j) (k) Attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(k) (l) Judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(l) (m) Members of the state patrol; provided that selection and appointment of state patrol troopers shall be made in accordance with applicable laws governing the classified service;

(m) (n) Chaplains employed by the state;

(n) (o) Examination monitors and intermittent training instructors employed by the departments of employee relations and commerce;

(o) (p) Student workers; and

(p) (q) Employees unclassified pursuant to other statutory authority.

Sec. 14. Minnesota Statutes 1986, section 116J.01, is amended to read:

116J.01 [DEPARTMENT OF ENERGY TRADE AND ECONOMIC DEVELOPMENT.]

Subdivision 1. [APPOINTMENT.] The department of energy trade and economic development shall be is supervised and controlled by the commissioner of energy trade and economic development, who shall be is appointed by the governor and serve serves under the provisions of section 15.06.

Subd. 2. [CONFIDENTIAL SECRETARY.] The commissioner may appoint a confidential secretary in the unclassified service.

Subd. 3. [DEPARTMENTAL ORGANIZATION.] The commissioner shall organize the department as provided in section 15.06. The department shall be organized into four divisions, ~~which shall be designated as the energy business promotion and marketing division, the community development division, the economic development policy analysis division, and the financial management Minnesota trade office division; and one office, the office of tourism. Each division and office is responsible for administering shall administer~~ the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the commissioner may establish and revise the assignments of each division and office. Each division ~~shall be~~ is under the direction of a deputy commissioner in the unclassified service.

The office of tourism is under the direction of a director ~~of tourism~~ in the unclassified service. The governor shall appoint the director of tourism.

Sec. 15. Minnesota Statutes 1986, section 116J.03, is amended to read:

#### 116J.03 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in chapter 116J, the terms defined in this section have the meaning given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Subd. 3. [DEPARTMENT.] "Department" means the department of energy trade and economic development.

Sec. 16. Minnesota Statutes 1986, section 116J.58, subdivision 2, is amended to read:

Subd. 2. [PROMOTIONAL CONTRACTS.] In order to best carry out duties and responsibilities and to serve the people of the state in the promotion of tourism, trade, and economic development, the commissioner may engage in programs and projects jointly with a private person, firm, corporation or association and may enter into contracts under terms to be mutually agreed upon to carry out such programs and projects not including acquisition of land or buildings. ~~Such~~ Contracts may be negotiated and ~~shall are not be~~ subject to the provisions of chapter 16, ~~insofar as such provisions relate~~ 16B relating to competitive bidding.

Sec. 17. Minnesota Statutes 1986, section 116J.60, is amended to read:

## 116J.60 [PROMOTIONAL EXPENSES.]

In the promotion of tourism, trade, and economic development of the state, the commissioner of ~~energy~~ trade and economic development may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. An expenditure for food, lodging, or travel is not governed by the travel rules of the commissioner of employee relations. No money shall be expended for the appearance in radio or television broadcasts by an elected public official.

## Sec. 18. [116J.613] [WASHINGTON OFFICE.]

The commissioner may appoint employees in the Washington, D.C., office of the state of Minnesota in accordance with chapter 43A, and prescribe their duties.

In the operation of the Washington, D.C., office of the state of Minnesota, the commissioner may expend money appropriated by the legislature for promotional purposes in the same manner as private persons, firms, corporations, and associations expend money for promotional purposes. Promotional expenditures for food, lodging, or travel are not governed by the travel rules of the commissioner of employee relations.

Sec. 19. Minnesota Statutes 1986, section 116J.63, subdivision 2, is amended to read:

Subd. 2. The commissioner shall recommend a schedule of fees pursuant to section 16A.128 to be charged for these materials and for services rendered by the department in furnishing them. Fees for reports, publications, or related publicity or promotional material are not subject to the rulemaking requirements of chapter 14 and are not subject to sections 16A.128 and 16A.1281. The fees prescribed by the commissioner shall must be commensurate with the distribution objective of the department for the material produced or with the cost of furnishing the services. All fees for materials and services shall must be deposited in the general fund.

## Sec. 20. [116J.966] [COMMISSIONER'S POWERS AND DUTIES; TRADE OFFICE.]

Subdivision 1. [TRADE PROMOTION DUTIES GENERALLY.] The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) locate, develop, and promote domestic and international markets for Minnesota agricultural products and services;

(3) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(4) promote Minnesota products and services at international trade shows;

(5) promote Minnesota agricultural products and services at domestic and international trade shows;

(6) organize, promote, and present international trade shows featuring Minnesota products and services;

(7) organize, promote, and present domestic and international trade shows featuring Minnesota agricultural products;

(8) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(9) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(10) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(11) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(12) locate, attract, and promote foreign investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(13) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(14) undertake activities to support the world trade center; and

(15) enter into contracts or other agreements with private persons and public entities to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to sections 16B.07 and 16B.09.

Subd. 2. [AGRICULTURAL PROMOTION.] The commissioner of trade and economic development and the director of the Minnesota trade office shall cooperate and consult with the commissioner of agriculture in promoting the beneficial agricultural interests of the state. The commissioner of trade and economic development and the director of the Minnesota trade office shall have the primary responsibility for promoting state agricultural interests to national and international markets. The commissioner of agriculture has primary responsibility for promoting the agricultural interests of producers, promoting state agricultural markets, and promoting the agricultural interests of the state in cooperative production and marketing efforts with other states.

Subd. 3. [ADMINISTRATIVE SUPPORT.]

The commissioner of agriculture in consultation with the director of the Minnesota trade office shall provide administrative staff and support to the Interstate Agricultural Grain Marketing Commission members from this state.

## JUVENILE JUSTICE AND YOUTH INTERVENTION

Sec. 21. [268.29] [JUVENILE JUSTICE PROGRAM.]

The governor shall designate the department of jobs and training as the sole agency responsible for supervising the preparation and administration of the state plan for juvenile justice required by the Juvenile Justice and Delinquency Prevention Act of 1974, as amended.

The governor shall designate the juvenile justice advisory committee as the supervisory board for the department of jobs and training with respect to preparation and administration of the state plan and award of grants.

The governor shall appoint members to the juvenile justice advisory committee in accordance with the membership requirements of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended.

Sec. 22. [268.30] [GRANTS-IN-AID TO YOUTH INTERVENTION PROGRAMS.]

Subdivision 1. [GRANTS.] The commissioner may make grants to nonprofit agencies administering youth intervention programs in communities where the programs are or may be established.

“Youth intervention program” means a nonresidential community-based program providing advocacy, education, counseling, and referral services to youth and their families experiencing personal, familial, school, legal, or chemical problems with the goal of resolving the present problems and preventing the occurrence of the problems in the future.

Subd. 2. [APPLICATIONS.] Applications for a grant-in-aid shall be made by the administering agency to the commissioner. The grant-in-aid is contingent upon the agency having obtained from the community in which the youth intervention program is established local matching money two times the amount of the grant that is sought.

The commissioner shall provide by rule the application form, procedures for making application form, criteria for review of the application, and kinds of contributions in addition to cash that qualify as local matching money. No grant to any agency shall exceed \$25,000.

Sec. 23. [REPEALER.]

Minnesota Statutes 1986, sections 4.09; 17.03, subdivision 5; 116J.404; and 116J.405 are repealed.

Sec. 24. [INSTRUCTION TO REVISOR.]

Subdivision 1. The revisor of statutes shall renumber each section of Minnesota Statutes in column A with the corresponding number in column B. The revisor shall also make necessary cross reference changes consistent with the renumbering and change the words “commissioner of agriculture” or similar words to “commissioner of the department of trade and economic development” or similar words.

<u>Column A</u>	<u>Column B</u>
<u>17.103</u>	<u>116J.972</u>
<u>17.104</u>	<u>116J.973</u>
<u>17.105</u>	<u>116J.974</u>

Subd. 2. The revisor of statutes shall, except in those sections listed in section 10, change all references to the commissioner or the department of energy and economic development to the commissioner or department of trade and economic development, as appropriate, whenever those words appear in Minnesota Statutes.

## Sec. 25. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

## ARTICLE 2

## WORLD TRADE CENTER

## Section 1. [44A.001] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of this chapter, the following terms have the meaning given them in this section.

Subd. 2. [BOARD.] "Board" means the governing board of the Minnesota world trade center corporation.

Subd. 3. [CONFERENCE AND SERVICE CENTER.] "Conference and service center" means the approximately 20,000 square feet of space on the third and fourth floors of the Minnesota world trade center that the state of Minnesota has the right to possess, occupy and use subject to the terms and conditions of the development agreement.

Subd. 4. [CORPORATION.] "Corporation" means the Minnesota world trade center corporation established by section 44A.01.

Subd. 5. [DEVELOPMENT AGREEMENT.] "Development agreement" means the agreement entered into by and between the world trade center board, as agent of the state of Minnesota, and Oxford Development Minnesota, Inc., dated July 27, 1984, and the amendments to that agreement, for development and construction of a world trade center at a designated site in Minnesota.

Subd. 6. [MINNESOTA WORLD TRADE CENTER.] "Minnesota world trade center" means the facility constructed in accordance with the development agreement.

Sec. 2. Minnesota Statutes 1986, section 44A.01, is amended to read:

## 44A.01 [WORLD TRADE CENTER BOARD CORPORATION.]

Subdivision 1. [MEMBERSHIP ESTABLISHMENT.] (a) A world trade center board is created to facilitate and support Minnesota world trade center programs and services and promote the growth of international trade in Minnesota. The world trade center board consists of nine voting members and four legislators serving as nonvoting members. Three members are representatives of the

membership of the Minnesota world trade center, one member is a representative of the international business community, and one member is a representative of the agricultural community.

(b) The initial voting members are appointed by the governor with the advice and consent of the senate. The terms of five of the initial voting members shall expire the first Monday in January 1987. The terms of the remaining four initial voting members shall expire the first Monday in January 1989. A vacancy is filled in the same manner as the appointment. The Minnesota world trade center corporation is a public corporation. The corporation is established to facilitate and support Minnesota world trade center programs and services and to promote the Minnesota world trade center. The corporation is a state agency but is not subject to chapters 14, 16A, 16B, 43A, 179, and 179A.

Subd. 2. [BOARD MEMBERSHIP.] (a) The Minnesota world trade center corporation is governed by a board of directors consisting of (1) nine members elected by the association of members established under section 4, subdivision 2, clause (5); (2) three members appointed by the governor; and (3) six legislators.

(b) The members elected by the association shall be elected from members of the international business community and shall serve terms of six years.

(c) The three members appointed by the governor shall be appointed with the advice and consent of the senate and serve terms of six years.

(e) (d) Legislator members are two three members of the senate appointed under the rules of the senate and two three members of the house of representatives appointed by the speaker. At least one member from each house must be appointed from the minority party of that house. Except for the initial members, who are to be appointed following enactment, they are appointed at the beginning of each regular session of the legislature for two-year terms. A legislator who remains a member of the body from which the legislator was appointed may serve until a successor is appointed and qualifies. A vacancy in a legislator member's term is filled for the unexpired portion of the term in the same manner as the original appointment.

Subd. 2. 3. [TERMS; COMPENSATION; REMOVAL.] Except as provided in this section, terms, compensation, and removal of members who are not legislators are as provided in section 15.059.

Subd. 3. 4. [ORGANIZATION.] The chair of the world trade center board is selected by the board members. The board shall elect a chair and an executive committee from its members.



Sec. 3. Minnesota Statutes 1986, section 44A.02, is amended to read:

44A.02 [PRESIDENT.]

Subdivision 1. [SELECTION.] The president of the world trade center ~~board~~ corporation is selected by a majority of the board and serves at the pleasure of the board. The president must be familiar with the international business community, and have demonstrated proficiency in communication skills, administration, and management. The salary of the president is set by the board ~~within the limit set by sections~~, but may not exceed 95 percent of the salary for the governor under section 15A.081, subdivision 1, and 43A.17 6.

Subd. 2. [DUTIES.] The president is the chief administrative officer of the ~~board~~ corporation and is responsible for performing the executive duties of the ~~board~~ corporation. The president is not a member of the board.

Subd. 3. [EMPLOYEES.] The president may appoint ~~unclassified~~ employees ~~in accordance with chapter 43A~~ and prescribe their duties. Employees and officers of the corporation are not state employees, but at the option of the board may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans. The president may delegate to a subordinate the exercise of specified statutory powers or duties as the president deems advisable, subject to the control of the president.

Sec. 4. [44A.023] [POWERS.]

Subdivision 1. [LEGAL ACTION.] The corporation may sue, and be sued in the manner and subject to the limitations of other state agencies.

Subd. 2. [OTHER POWERS.] The board may directly, or authorize others in the corporation to:

(1) define, formulate, administer, and deliver programs and services through the world trade center;

(2) establish satellite operations of the Minnesota world trade center within the continental United States;

(3) accept gifts and grants from other sources;

(4) set and collect fees for services and programs;

(5) adopt membership requirements for an association of members of the Minnesota world trade center;

(6) participate jointly with private persons, firms, corporations, or organizations or with public entities in appropriate programs or projects and enter into contracts to spend money to carry out those programs or projects;

(7) have a seal and alter it at will;

(8) acquire and dispose of personal property, including inchoate and intellectual property, royalties, stock, and stock warrants;

(9) enter into contracts or agreements with a federal or state agency, individual, business entity, or other organization;

(10) acquire and dispose of real property or an interest in real property;

(11) purchase insurance;

(12) spend money appropriated to it for its purposes, including expenditures for the food, lodging, and travel of consultants and speakers hired by the board, and for publications, advertising, and promotional activities; and

(13) hold and maintain, with the owner of the Minnesota world trade center, membership for the Minnesota world trade center in the world trade centers association.

Sec. 5. [44A.025] [DUTIES.]

The board shall directly, or authorize others in the corporation to:

(1) promote and market the Minnesota world trade center;

(2) sponsor conferences or other promotional events in the conference and service center;

(3) adopt bylaws governing operation of the corporation by November 1, 1987;

(4) establish a Minnesota world trade center club program in accordance with the development agreement;

(5) conduct public relations and liaison activities between the corporation and the international business community; and

(6) establish and maintain an office in the Minnesota world trade center.

Sec. 6. Minnesota Statutes 1986, section 44A.031, is amended to read:

44A.031 [PROMOTIONAL EXPENSES.]

The world trade center board may directly, or authorize others in the corporation to, expend money in the world trade center fund, and any other money appropriated by the legislature, for the purpose of promotion of world trade in Minnesota to carry out sections 4 and 5. Promotional expenses include, but are not limited to, expenses for the food, lodging and travel of consultants and speakers and corporation employees hired by the board, and publications and other forms of advertising. Promotional expenditures may be made in the same manner as expenditures made by private persons, firms, corporations, or associations for similar purposes, and are not subject to regulation by the commissioner of employee relations.

Sec. 7. [44A.0311] [WORLD TRADE CENTER CORPORATION FUND.]

A world trade center corporation fund is established as an account in the state treasury. All money received by the corporation, including money generated from the use of the conference and service center, except money generated from the use of the center by the Minnesota trade office, shall be deposited in the fund. Money in the fund including interest earned is appropriated to the board and shall be used exclusively for corporation purposes.

Sec. 8. [44A.11] [USE OF CONFERENCE AND SERVICE CENTER.]

The board shall operate or provide for the operation of the conference and service center. Priority use of the conference and service center shall be given to programs and activities related to international trade. The board may provide for the use of the center for public benefits and other revenue raising purposes only after all other uses of the center for international business have been accommodated.

Sec. 9. [TRANSITION.]

(a) Nine members of the first Minnesota world trade center corporation board of directors are the nine members of the Minnesota world trade center board on the effective date of this section. Three of these members shall serve a term of two years, three a term of four years, and three a term of six years. The determination of members who serve these terms shall be made by lot. On expiration

of a member's term under this paragraph, a successor shall be elected under section 2, subdivision 2, paragraph (b).

(b) Three members of the first Minnesota world trade center corporation board of directors shall be appointed by the members of the first Minnesota world trade center corporation board of directors chosen under section 2, paragraph (d) and paragraph (a) of this section. One of these members shall serve a term of two years, one a term of four years, and one a term of six years. The determination of members who serve these terms shall be made by lot. On expiration of a member's term under this paragraph, a successor shall be chosen under section 2, subdivision 2, paragraph (c).

Sec. 10. [MEMBERSHIP AGREEMENT.]

The Minnesota world trade center corporation may request the executive board of the world trade centers association to transfer the membership of the Minnesota world trade center board in the world trade centers association to the corporation and the owner of the Minnesota world trade center.

Sec. 11. [TRANSFERS; APPROPRIATIONS; COMPLEMENT.]

Subdivision 1. [DEFINITIONS.] The definitions in section 1 apply to this section.

Subd. 2. [TRANSFER.] All of the state of Minnesota's rights and obligations under the development agreement and all existing contracts related to the approximately 20,000 square feet to which the world trade center board is a party or beneficiary is transferred to the board of the corporation. All other property of the world trade center board, including any unexpended balance of the world trade center board 1987 appropriation and matching funds, is transferred and appropriated to the board of the corporation.

Subd. 3. [OPERATING EXPENSES APPROPRIATION.] \$..... is appropriated from the general fund to the commissioner of administration to pay the operating expenses of the Minnesota world trade center conference and service center as required by the development agreement, to be available until June 30, 1989.

Sec. 12. [REPEALER.]

Minnesota Statutes 1986, sections 44A.03; 44A.04; 44A.05; and 44A.07, are repealed.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective July 1, 1987."

Delete the title and insert:

"A bill for an act relating to state government; reorganizing the department of agriculture, the department of energy and economic development, and the department of public service, and providing for the powers and duties of the three departments; changing the name of the department of energy and economic development to the department of trade and economic development; designating the department of jobs and training as the administrative agency for certain juvenile justice and delinquency prevention purposes; providing grants for youth intervention programs; creating the Minnesota world trade center corporation and providing for its powers and duties; changing the membership of the world trade center board; authorizing the board to contract for certain services and programs; establishing the conference and service facility fund; appropriating money; amending Minnesota Statutes 1986, sections 17.03, subdivision 1, and by adding a subdivision; 18.023, subdivision 11; 18.024, subdivision 1; 43A.08, subdivision 1; 44A.01; 44A.02; 44A.031; 104.35, subdivisions 2 and 3; 115A.12, subdivision 2; 116C.03, subdivision 2; 116J.01; 116J.03; 116J.58, subdivision 2; 116J.60; and 116J.63, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 44A; 116J; and 268; proposing coding for new law as Minnesota Statutes, chapter 216C; repealing Minnesota Statutes 1986, sections 4.09; 17.03, subdivision 5; 44A.03; 44A.04; 44A.05; 44A.07; 116J.404; and 116J.405."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

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

H. F. No. 1203, A bill for an act relating to human services; requiring court-ordered group health insurance benefits be paid to providers; requiring all parties to sign workers' compensation settlement agreements; requiring notification to commissioner regarding workers' compensation payments; establishing a public assistance lien; establishing third party payer liability; requiring reporting of group insurance coverage; providing for reimbursement of benefits from programs with federal participation; amending Minnesota Statutes 1986, sections 62A.046; 176.191, subdivision 4; 176.521, subdivisions 1, 3, and by adding a subdivision; 256B.02, by adding a subdivision; 256B.042, subdivisions 2, 3, and by adding subdivisions; 256B.37, subdivisions 1, 2, and by adding subdivisions; 256D.03, by adding a subdivision; 268.121; 473.405, subdivision 13; and 514.69; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Pages 3 and 4, delete sections 3 to 5

Page 7, line 13, delete “, other than Medicare or the medical”

Page 7, line 14, delete “assistance program,”

Page 14, lines 9 to 11, delete the new language

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 12, delete everything after the semicolon

Page 1, line 13, delete “and by adding a subdivision;”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1222, A bill for an act relating to human services; clarifying statutes relating to the preadmission screening program; adjusting state and county shares of costs; amending Minnesota Statutes 1986, section 256B.091, subdivisions 2, 3, 4, 6, and 8.

Reported the same back with the following amendments:

Page 7, line 21, after “program” insert “including a minimum of 14 days written advanced notice of the opportunity to be selected as a service provider and an annual public meeting with providers to explain and review the criteria for selection,”

Page 7, after line 24, insert:

“The county must select providers for contracts or agreements using the following criteria and other criteria established by the county:

- (1) the need for the particular services offered by the provider;
- (2) the population to be served including the number of clients, the length of time services will be provided, and the medical condition of clients;
- (3) the geographic area to be served;

(4) quality assurance methods, including appropriate licensure, certification, or standards, and supervision of employees when needed;

(5) rates for each service and unit of service exclusive of county administrative costs;

(6) evaluation of services previously delivered by the provider; and

(7) contract or agreement conditions including billing requirements, cancellation, and indemnification.

The county must evaluate its own agency services under the criteria established for other providers. The county shall provide a written statement of the reasons for not selecting providers."

Page 7, lines 33 and 34, delete the new language

Page 8, line 18, reinstate the stricken "ten" and delete "twenty"

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1265, A bill for an act relating to alcoholic beverages; providing for the licensing of low-volume brewers; allowing them to be granted an on-sale intoxicating liquor or nonintoxicating malt liquor license; amending Minnesota Statutes 1986, section 340A.301, subdivisions 6 and 7.

Reported the same back with the following amendments:

Page 1, line 23, after "year" insert a comma

Page 1, delete lines 24 and 25 and insert "the entire production of which is solely for consumption on tap on the licensed premises"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1283, A bill for an act relating to health; prohibiting smoking in day care homes and centers, schools, and health care facilities; prohibiting free distribution of smoking tobacco products; restricting sales and advertising of tobacco products; amending Minnesota Statutes 1986, sections 144.412; 144.414; and 325F.77, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 144.412, is amended to read:

144.412 [PUBLIC POLICY.]

The purpose of sections 144.411 to 144.417 is to protect the public health, comfort and environment by prohibiting smoking in areas where children or ill or injured persons are present, and by limiting smoking in public places and at public meetings except in designated smoking areas.

Sec. 2. Minnesota Statutes 1986, section 144.414, is amended to read:

144.414 [PROHIBITIONS.]

Subdivision 1. [PUBLIC PLACES.] No person shall smoke in a public place or at a public meeting except in designated smoking areas. This prohibition does not apply in cases in which an entire room or hall is used for a private social function and seating arrangements are under the control of the sponsor of the function and not of the proprietor or person in charge of the place. Furthermore, this prohibition shall not apply to factories, warehouses and similar places of work not usually frequented by the general public, except that the state commissioner of health shall establish rules to restrict or prohibit smoking in those places of work where the close proximity of workers or the inadequacy of ventilation causes smoke pollution detrimental to the health and comfort of nonsmoking employees.

Subd. 2. [DAY CARE PREMISES.] Smoking is prohibited in a day care center licensed under Minnesota Rules, parts 9545.0510 to 9545.0650 during its hours of operation.



Subd. 3. [HEALTH CARE FACILITIES AND CLINICS.] Smoking is prohibited in any area of a hospital, health care clinic, doctor's office, or other health care-related facility, other than a nursing home, boarding care facility, or licensed residential facility. Smoking by patients in a chemical dependency treatment program or mental health program may be allowed in a separated well-ventilated area pursuant to a policy established by the administrator of the program that identifies circumstances in which prohibiting smoking would interfere with the treatment of persons recovering from chemical dependency or mental illness.

Health care-related facilities must report their smoking policies to the commissioner of health by January 1, 1990. Any health care-related facility that is not smoke-free must explain in the report the reason for its policy.

Sec. 3. [EFFECTIVE DATE.]

Section 2 is effective January 1, 1990."

Delete the title and insert:

"A bill for an act relating to health; prohibiting smoking in day care centers and health care facilities; amending Minnesota Statutes 1986, sections 144.412; and 144.414."

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1343, A bill for an act relating to public safety; providing an exception from certain regulations for steam turbines which receive steam from remote municipal facilities; amending Minnesota Statutes 1986, section 183.56.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 183.56, is amended to read:

183.56 [EXCEPTIONS.]

The provisions of sections 183.38 to 183.62, shall not apply to:

(1) Boilers in buildings occupied solely for residence purposes with accommodations for not more than five families;

(2) Railroad locomotives operated by railroad companies for transportation purposes;

(3) Air tanks installed on the right-of-way of railroads and used directly in the operation of trains;

(4) Boilers and pressure vessels under the direct jurisdiction of the United States;

(5) Unfired pressure vessels having an internal or external working pressure not exceeding 15 p.s.i.g. with no limit on size;

(6) Pressure vessels used for storage of compressed air not exceeding five cubic feet in volume and equipped with an American Society of Mechanical Engineers code stamped safety valve set at a maximum of 100 p.s.i.g.;

(7) Pressure vessels having an inside diameter not exceeding six inches or a length not exceeding 36 inches;

(8) Pressure vessels with a nominal water containing capacity of 120 gallons or less for containing water under pressure including those containing air the compression of which serves only as a cushion;

(9) Boiler or pressure vessels located on farms used solely for agricultural or horticultural purposes;

(10) Tanks or cylinders used for storage or transfer of liquified petroleum gases;

(11) Unfired pressure vessels in petroleum refineries;

(12) An air tank or pressure vessel which is an integral part of a passenger motor bus, truck, or trailer;

(13) Hot water heating and other hot liquid boilers not exceeding a heat input of 750,000 BTU per hour;

(14) Hot water supply boilers (water heaters) not exceeding a heat input of 500,000 BTU per hour, a water temperature of 210 degrees Fahrenheit, a nominal water capacity of 120 gallons, or a pressure of 160 p.s.i.g.; and

(15) Laundry and dry cleaning presser not exceeding five cubic feet of steam volume; and

(16) Steam powered turbines at paper-making facilities which are powered by steam generated by municipal steam district facilities at a remote location if the turbines are operated by persons who have completed the certified training program described in section 2.

An engineers license is not required for hot water supply boilers.

An engineers license is not required for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not exceeding 100,000 BTU per hour input, 25 kilowatt, 2½ horsepower or a pressure of 15 p.s.i.g.

Electric boilers not exceeding a maximum working pressure of 50 p.s.i.g., maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure vessels and shall not require an engineer license to operate.

Sec. 2. [183.561] [CERTAIN MANUFACTURING FACILITY TURBINE OPERATORS.]

The commissioner of labor and industry shall certify a training program for turbine operators at manufacturing facilities which purchase steam from a municipal utility to operate the turbine if the commissioner is satisfied that the program provides adequate training for persons who successfully complete the program to safely and competently operate those turbines. The training program need not require training in and a trainee need not have experience in the operation of boilers to produce steam.

Sec. 3. [EFFECTIVE DATE.]

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

Amend the title as follows:

Page 1, line 5, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 183"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1350, A bill for an act relating to jobs and training; establishing limits for rates under the child care sliding fee pro-

gram; amending Minnesota Statutes 1986, section 268.91, subdivision 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 268.91, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM COUNTY RATE CHILD CARE RATES.]  
The county board may limit the subsidy allowed by setting a maximum on the provider child care rate that the county shall subsidize. The rate set by any county shall not be lower than 110 percent or higher than 125 percent of the median rate for like care arrangements in that county. In order to be reimbursed for more than 110 percent of the median rate, a provider with employees must pay wages for teachers, assistants, and aides that are more than 110 percent of the county average rate for child care workers."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1417, A bill for an act relating to human services; providing for hospice care payments under medical assistance; amending Minnesota Statutes 1986, section 256B.02, subdivision 8.

Reported the same back with the following amendments:

Page 6, line 22, before the period insert "to the extent authorized by rule"

Page 6, line 24, delete "1987" and insert "1988"

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1430, A bill for an act relating to utilities; requiring the public utilities commission to annually review authorized rates of return; requiring the commission to consider nonutility income

under certain circumstances; amending Minnesota Statutes 1986, section 216B.16, by adding subdivisions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 216B.16, is amended by adding a subdivision to read:

Subd. 11. [ANNUAL REVIEW; RATE OF RETURN.] The commission may annually review the rate of return being earned by each public utility since the utility's most recent general rate case. The commission must examine whether the rate of return being earned by the utility and calculated in the same manner as in the utility's most recent general rate case reflects current market conditions. In making its determination the commission shall determine the utility's cost of capital and consider rates of return being authorized to comparable utilities. If, after a hearing, the commission determines that the rate of return being earned by the public utility is excessive, the commission may order that utility to file a general rate case within 120 days of the order. In a proceeding held under this subdivision, the public utility has the burden to show that its current earned rate of return is reasonable. If the utility fails to comply with the order, the commission shall order that the authorized rate of return be appropriately revised and order the utility to revise its rates accordingly.”

Delete the title and insert:

“A bill for an act relating to utilities; providing for the public utilities commission to annually review authorized rates of return; amending Minnesota Statutes 1986, section 216B.16, by adding a subdivision.”

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1562, A bill for an act relating to alcoholic beverages; authorizing the city of Minneapolis to issue an on-sale liquor license to the American Swedish Institute.

Reported the same back with the following amendments:

Page 1, line 9, after “the” insert “governing body of the”

Page 1, line 9, after "Institute" insert "for the premises known as the American Swedish Institute"

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

S. F. No. 184, A bill for an act relating to utilities; trade practices; restricting use and connection of automatic dialing-announcing devices to telephone lines; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [325E.26] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 1 to 7 have the meanings given them in this section.

Subd. 2. [AUTOMATIC DIALING-ANNOUNCING DEVICE.] "Automatic dialing-announcing device" means a device that selects and dials telephone numbers and that, working alone or in conjunction with other equipment, disseminates a prerecorded or synthesized voice message to the telephone number called.

Subd. 3. [CALLER.] "Caller" means an individual, corporation, firm, partnership, association, or legal or commercial entity who attempts to contact, or who contacts, a subscriber in this state by using a telephone or a telephone line.

Subd. 4. [COMMERCIAL TELEPHONE SOLICITATION.] "Commercial telephone solicitation" means any unsolicited call to a residential subscriber when the person initiating the call has not had a prior business or personal relationship with the subscriber, and when the purpose of the call is to solicit the purchase or the consideration of purchase of goods or services by the subscriber. Commercial telephone solicitation does not include calls initiated by organizations listed in section 290.21, subdivision 3, clauses (a) to (e).

Subd. 5. [SUBSCRIBER.] "Subscriber" means an individual who has subscribed to residential telephone service from a telephone company regulated by this state, and the other persons living or residing with the subscribing individual.

Sec. 2. [325E.27] [USE OF PRERECORDED OR SYNTHESIZED VOICE MESSAGES.]

A caller shall not use or connect to a telephone line an automatic dialing-announcing device that delivers a prerecorded or synthesized voice message, unless: (1) the subscriber has knowingly or voluntarily requested, consented to, permitted, or authorized receipt of the message; or (2) the message is immediately preceded by a live operator who obtains the subscriber's consent before the message is delivered. This section does not apply to messages to subscribers with whom the caller has a current business relationship, messages from school districts to students, parents or employees, or messages advising employees of work schedules.

Sec. 3. [325E.28] [REQUIREMENTS ON AUTOMATIC DIALING-ANNOUNCING DEVICES.]

A caller shall not use an automatic dialing-announcing device unless the device is designed and operated so as to disconnect within ten seconds after termination of the telephone call by the subscriber.

Sec. 4. [325E.29] [MESSAGE REQUIREMENTS.]

Where the message is immediately preceded by a live operator, the operator must, at the outset of the message, disclose:

(1) the name of the business, firm, organization, association, partnership, or entity for which the message is being made;

(2) the purpose of the message; and

(3) the identity or kinds of goods or services the message is promoting.

If the message solicits payment or commitment of funds, that must be disclosed.

Sec. 5. [325E.30] [TELEPHONE CONSUMER PREFERENCE OPTION.]

Subdivision 1. [RULES.] The public utilities commission shall adopt rules by October 1, 1988, to adopt a mechanism for creating and maintaining a telephone consumer preference option to enable residential subscribers to be included in a listing of persons who do not want commercial telephone solicitation calls. The mechanism must:

(1) be revenue neutral;

(2) allow semiannual updating of the listing; and

(3) provide that costs be borne by persons acquiring the listings and not by subscribers.

Any listing compiled must be made available to persons who engage in commercial telephone solicitation.

The commission shall annually review the operation of the mechanism it adopts under this subdivision and make adjustments as needed.

Subd. 2. [UNWANTED SOLICITATION PROHIBITED.] No person shall make a commercial telephone solicitation to a residential subscriber who is listed pursuant to the mechanism required in section 1.

Sec. 6. [325E.31] [OPTIONS FOR CALLERS.]

A caller who complies with the requirements of section 5, whether the caller is engaged in commercial telephone solicitation or in relaying other messages, is not subject to the requirements of section 2.

Sec. 7. [325E.32] [PENALTIES; REMEDIES.]

A person who violates sections 2 to 5 is subject to the penalties and remedies, including a private right of action to recover damages, provided in section 8.31. A person who violates section 5 is also guilty of a petty misdemeanor."

Delete the title and insert:

"A bill for an act relating to telephone use; restricting use and connection of automatic dialing-announcing devices to telephone lines; allowing individual residential subscribers to prohibit unwanted commercial telephone solicitation; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 325E."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Local and Urban Affairs to which was referred:

S. F. No. 494, A bill for an act relating to the Duluth airport authority; providing that authority employees hired after a certain date are not covered by any civil service system.



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

The report was adopted.

Battaglia from the Committee on Local and Urban Affairs to which was referred:

S. F. No. 557, A bill for an act relating to Ramsey county; providing for a charter commission to recommend a form of county government and providing for its adoption.

Reported the same back with the following amendments:

Page 2, line 34, delete "civil service commission" and insert "personnel director"

Page 3, line 16, after "agency" insert a period and delete "or any existing elective"

Page 3, delete line 17

Page 3, line 28, after "condemnation" insert "or sell or lease"

Page 3, line 31, delete "continue in effect" and insert "be subject to the charter, provided that the charter provisions are not in conflict with general laws relating to public indebtedness"

Page 3, after line 32, insert:

"Nothing in this section shall be construed to affect collective bargaining agreements between the county and its employees in force on the date a charter adopted pursuant to this act takes effect."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 737, A bill for an act relating to health; requiring the board of medical examiners to release certain information about disciplinary investigations and proceedings; amending Minnesota Statutes 1986, section 147.01, subdivision 4.

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

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 1635, 65, 275, 373, 894, 1002, 1008, 1022, 1076, 1203, 1222, 1265, 1283, 1343, 1350, 1417 and 1562 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 863, 184, 494, 557 and 737 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Price and Sarna introduced:

H. F. No. 1636, A bill for an act relating to state government; transferring the powers and duties of the department of health and its commissioner with respect to the regulation of health maintenance organizations to the department of commerce and its commissioner; making various technical changes; amending Minnesota Statutes 1986, sections 62D.01, subdivision 2; 62D.02, subdivisions 2, 8, and 12; 62D.03; 62D.04, subdivisions 1 and 2; 62D.06, subdivision 2; 62D.07, subdivision 2; 62D.08, subdivisions 1, 2, and 3; 62D.10, subdivision 4; 62D.11, subdivision 2; 62D.12, subdivisions 1, 2, and 9; 62D.14, subdivisions 1, 3, 5, and 6; 62D.15, subdivisions 1 and 4; 62D.16; 62D.17; 62D.18; 62D.19; 62D.20; 62D.21; 62D.22, subdivisions 4 and 10; 62D.24; and 62D.30, subdivisions 1 and 3; repealing Minnesota Statutes 1986, section 62D.02, subdivision 3.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Pappas introduced:

H. F. No. 1637, A bill for an act relating to financial institutions; permitting additional detached facilities; amending Minnesota Statutes 1986, sections 47.52; and 49.34, subdivision 2.

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

**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. 473.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 473, A bill for an act relating to health; requiring the commissioner of health to transmit the major reports on human health effects of low-level ionizing radiation.

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

**SPECIAL ORDERS**

S. F. No. 282 was reported to the House.

Nelson, K., moved that S. F. No. 282 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 283 was reported to the House.

Solberg moved to amend H. F. No. 283, the first engrossment, as follows:

Page 7, after line 22, insert:

“Sec. 8. [210A.265] [REPORTING CONTRIBUTIONS FOR COUNTY CANDIDATES.]

Notwithstanding any law to the contrary, a candidate for county office is not required to record or report the name, address, or employer, or occupation if self-employed, of an individual, political committee, or political fund who makes a contribution or donation in kind to the candidate or the candidate's campaign committee, including the purchase of tickets for fund-raising efforts, that in

aggregate does not exceed \$50. The value of a donation in kind is its fair market value."

Amend the title as follows:

Page 1, line 9, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 210A"

The motion prevailed and the amendment was adopted.

Johnson, A., moved to amend H. F. No. 283, the first engrossment, as amended, as follows:

Page 7, after line 22, insert:

"Sec. 8. Laws 1980, chapter 362, section 4, subdivision 3, is amended to read:

Subd. 3. [USE OF DUES AND MEMBERSHIP FEES.] Notwithstanding subdivision 1, the association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. The treasurer of the fund, in any report required by section 9, shall disclose the name of any member whose dues, membership fees and contributions deposited in the political fund in any one year exceed ~~\$50~~ \$100 in the aggregate."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 283, A bill for an act relating to elections; requiring confidentiality of certain matters before the ethical practices board; raising certain campaign contribution disclosure limits; changing the method of calculating certain campaign expenditure limits; amending Minnesota Statutes 1986, sections 10A.02, subdivision 11; 10A.12, subdivision 5; 10A.20, subdivisions 3 and 5; 10A.25, subdivisions 2 and 7; and 10A.255; proposing coding for new law in Minnesota Statutes, chapter 210A.

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 76 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bauerly	Bertram	Carlson, L.	Cooper
Battaglia	Beigich	Brown	Carruthers	Dauner

DeBlieck	Kelso	Minne	Price	Trimble
Forsythe	Kinkel	Murphy	Quinn	Tunheim
Greenfield	Kludt	Nelson, C.	Reding	Vanasek
Gutknecht	Knickerbocker	Nelson, K.	Rice	Vellenga
Heap	Kostohryz	Neuenschwander	Rodosovich	Voss
Jacobs	Krueger	O'Connor	Rukavina	Wagenius
Jaros	Larsen	Ogren	Sarna	Wenzel
Jefferson	Lasley	Olsen, S.	Scheid	Winter
Jennings	Lieder	Olson, E.	Schoenfeld	Wynia
Johnson, A.	Long	Olson, K.	Segal	Spk. Norton
Johnson, R.	McEachern	Orenstein	Simoneau	
Kahn	McKasy	Otis	Solberg	
Kalis	McLaughlin	Pappas	Sparby	
Kelly	Milbert	Peterson	Steensma	

Those who voted in the negative were:

Bear	Dorn	Marsh	Pelowski	Swenson
Bennett	Frederick	McDonald	Poppenhagen	Thiede
Bishop	Gruenes	McPherson	Redalen	Tjornhom
Blatz	Hartle	Miller	Richter	Tompkins
Boo	Haukoos	Nelson, D.	Rose	Uphus
Burger	Himle	Omann	Schafer	Valento
Carlson, D.	Hugoson	Ommen	Skoglund	Waltman
Clausnitzer	Johnson, V.	Ozment	Stanius	
Dille	Knuth	Pauly	Sviggum	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1111 was reported to the House.

Otis moved to amend H. F. No. 1111, the second engrossment, as follows:

Page 3, line 7, after "609.344," insert "subdivision 1" and after "609.345," insert "subdivision 1"

The motion prevailed and the amendment was adopted.

H. F. No. 1111, A bill for an act relating to crimes; providing that it is a prima facie case for reference for prosecution as an adult if a child is alleged to have committed an aggravated felony against the person as a member of an organized gang; making it a crime for an alleged or adjudicated juvenile delinquent who is 18 years old to escape from lawful custody; amending Minnesota Statutes 1986, sections 260.125, subdivision 3; and 609.485, subdivisions 2 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. There were 121 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Sparby
Battaglia	Hartle	Marsh	Pappas	Stanisus
Bauerly	Haukoos	McDonald	Pauly	Steensma
Beard	Heap	McEachern	Pelowski	Sviggum
Begich	Himle	McKasy	Peterson	Swenson
Bennett	Hugoson	McLaughlin	Poppenhagen	Thiede
Bertram	Jacobs	McPherson	Price	Tjornhom
Blatz	Jaros	Milbert	Quinn	Tompkins
Boo	Jefferson	Miller	Redalen	Trimble
Burger	Jennings	Minne	Reding	Tunheim
Carlson, D.	Johnson, A.	Morrison	Rest	Uphus
Carlson, L.	Johnson, R.	Munger	Rice	Valento
Carruthers	Johnson, V.	Murphy	Richter	Vanasek
Clark	Kalis	Nelson, C.	Rodosovich	Vellenga
Clausnitzer	Kelly	Nelson, D.	Rose	Voss
Cooper	Kelso	Nelson, K.	Rukavina	Wagenius
Dauner	Kinkel	Neuenschwander	Sarna	Waltman
DeBlieck	Kludt	O'Connor	Schafer	Wenzel
Dempsey	Knickerbocker	Ogren	Scheid	Winter
Dille	Knuth	Olsen, S.	Schoenfeld	Wynia
Dorn	Kostohryz	Olson, K.	Segal	Spk. Norton
Forsythe	Krueger	Omann	Shaver	
Frederick	Larsen	Onnen	Simoneau	
Greenfield	Lasley	Orenstein	Skoglund	
Gruenes	Lieder	Otis	Solberg	

Those who voted in the negative were:

Kahn

The bill was passed, as amended, and its title agreed to.

H. F. No. 1193, A bill for an act relating to independent school district No. 206, Alexandria; providing for elections of the school 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 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Hartle	Kelly	McEachern
Battaglia	Clausnitzer	Haukoos	Kelso	McKasy
Bauerly	Cooper	Heap	Kinkel	McLaughlin
Beard	Dauner	Himle	Kludt	McPherson
Begich	DeBlieck	Hugoson	Knickerbocker	Milbert
Bennett	Dempsey	Jacobs	Knuth	Miller
Bertram	Dille	Jaros	Kostohryz	Minne
Blatz	Dorn	Jefferson	Krueger	Morrison
Boo	Forsythe	Jennings	Larsen	Munger
Brown	Frederick	Johnson, A.	Lasley	Murphy
Burger	Frerichs	Johnson, R.	Lieder	Nelson, C.
Carlson, D.	Greenfield	Johnson, V.	Long	Nelson, K.
Carlson, L.	Gruenes	Kahn	Marsh	Neuenschwander
Carruthers	Gutknecht	Kalis	McDonald	O'Connor

Ogren	Pauly	Rodosovich	Solberg	Valento
Olsen, S.	Pelowski	Rose	Sparby	Vanasek
Olson, E.	Peterson	Rukavina	Stanius	Vellenga
Olson, K.	Poppenhagen	Sarna	Steensma	Voss
Omann	Price	Schafer	Sviggum	Wagenius
Onnen	Quinn	Scheid	Swenson	Waltman
Orenstein	Redalen	Schoenfeld	Tjornhom	Wenzel
Osthoff	Reding	Seaberg	Tompkins	Winter
Otis	Rest	Segal	Trimble	Wynia
Ozment	Rice	Simoneau	Tunheim	Spk. Norton
Pappas	Richter	Skoglund	Uphus	

The bill was passed and its title agreed to.

H. F. No. 1308 was reported to the House.

Lieder moved that H. F. No. 1308 be re-referred to the Committee on Appropriations. The motion prevailed.

The Speaker called Simoneau to the Chair.

H. F. No. 1444, A bill for an act relating to towns; providing procedures for their organization and dissolution; amending Minnesota Statutes 1986, sections 365.45; 368.47; and 379.01.

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.	Gruenes	Lieder	Orenstein	Segal
Battaglia	Gutknecht	Long	Osthoff	Shaver
Bauerly	Hartle	Marsh	Otis	Simoneau
Beard	Haukoos	McDonald	Ozment	Skoglund
Begich	Heap	McEachern	Pappas	Solberg
Bennett	Himle	McKasy	Pauly	Sparby
Bertram	Hugoson	McLaughlin	Pelowski	Stanius
Blatz	Jacobs	McPherson	Peterson	Steensma
Boo	Jaros	Millbert	Poppenhagen	Sviggum
Brown	Jefferson	Miller	Price	Swenson
Burger	Jennings	Minne	Quinn	Thiede
Carlson, D.	Johnson, A.	Morrison	Redalen	Tjornhom
Carlson, L.	Johnson, V.	Munger	Reding	Tompkins
Carruthers	Kahn	Murphy	Rest	Trimble
Clausnitzer	Kalis	Nelson, C.	Rice	Tunheim
Cooper	Kelly	Nelson, D.	Richter	Uphus
Dauner	Kelso	Nelson, K.	Rodosovich	Valento
DeBlick	Kinkel	Neuenschwander	Rose	Vanasek
Dempsey	Kludd	O'Connor	Rukavina	Vellenga
Dille	Knickerbocker	Ogren	Sarna	Voss
Dorn	Knuth	Olsen, S.	Schafer	Wagenius
Forsythe	Kostobryz	Olson, E.	Scheid	Waltman
Frederick	Krueger	Olson, K.	Schoenfeld	Wenzel
Frerichs	Larsen	Omann	Schreiber	Winter
Greenfield	Lasley	Onnen	Seaberg	Wynia

The bill was passed and its title agreed to.

H. F. No. 388 was reported to the House.

Otis moved that H. F. No. 388 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 413 was reported to the House.

There being no objection, H. F. No. 413 was continued on Special Orders for one day.

H. F. No. 609, A bill for an act relating to government data practices; giving the department of energy and economic development access to certain employment data; amending Minnesota Statutes 1986, section 268.12, subdivision 12.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Orenstein	Segal
Anderson, R.	Greenfield	Lasley	Osthoff	Shaver
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steensma
Bishop	Hugoson	McLaughlin	Poppenhagen	Swenson
Blatz	Jacobs	McPherson	Price	Thiede
Boo	Jaros	Milbert	Quinn	Tjornhom
Brown	Jefferson	Miller	Redalen	Tompkins
Burger	Jennings	Minne	Reding	Trimble
Carlson, D.	Johnson, A.	Morrison	Rest	Tunheim
Carlson, L.	Johnson, R.	Munger	Rice	Uphus
Carruthers	Johnson, V.	Murphy	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Voss
Cooper	Kelly	Neuenschwander	Rose	Wagenius
Dauner	Kelso	O'Connor	Rukavina	Waltman
DeBlieck	Kinkel	Ogren	Sarna	Welle
Dempsey	Kludt	Olsen, S.	Schafer	Wenzel
Dille	Knickerbocker	Olson, E.	Scheid	Winter
Dorn	Knuth	Olson, K.	Schoenfeld	Wynia
Forsythe	Kostohryz	Omann	Schreiber	
Frederick	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.



Kelso was excused between the hours of 1:30 p.m. and 2:30 p.m.

S. F. No. 863 was reported to the House.

#### SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Reding moved that the rule therein be suspended and an urgency be declared so that S. F. No. 863 be given its third reading and be placed upon its final passage. The motion prevailed.

Reding moved that the Rules of the House be so far suspended that S. F. No. 863 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 Reding motion and the roll was called. There were 104 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Kostohryz	Olson, K.	Shaver
Battaglia	Greenfield	Krueger	Omann	Simoneau
Bauerly	Gruenes	Larsen	Otis	Solberg
Beard	Gutknecht	Lasley	Ozment	Stanius
Begich	Hartle	Lieder	Pauly	Steensma
Bennett	Haukoos	Long	Pelowski	Sviggum
Bertram	Heap	Marsh	Peterson	Swenson
Bishop	Himle	McDonald	Price	Tompkins
Blatz	Jacobs	McEachern	Quinn	Tunheim
Boo	Jaros	McKasy	Redalen	Uphus
Brown	Jefferson	Minne	Reding	Valento
Burger	Jennings	Morrison	Rest	Vanasek
Carlson, D.	Johnson, A.	Munger	Richter	Vellenga
Carlson, L.	Johnson, R.	Nelson, C.	Riveness	Voss
Carruthers	Johnson, V.	Nelson, D.	Rodosovich	Waltman
Cooper	Kahn	Nelson, K.	Rose	Welle
Dauner	Kalis	Neuenschwander	Rukavina	Wenzel
DeBlicck	Kinkel	O'Connor	Sarna	Winter
Dempsey	Kludt	Ogren	Schoenfeld	Wynia
Dille	Knickerbocker	Olsen, S.	Seaberg	Spk. Norton
Dorn	Knuth	Olson, E.	Segal	

Those who voted in the negative were:

Clark	Hugoson	Miller	Poppenhagen	Skoglund
Clausnitzer	McPherson	Murphy	Rice	Thiede
Forsythe	Milbert	Orenstein	Schafer	Tjornhom

The motion prevailed.

Quinn, Reding, Redalen and Kostohryz moved to amend S. F. No. 863, as follows:

Page 1, line 21, delete "and"

Page 1, line 23, delete the period and insert “; and”

Page 1, after line 23, insert:

“(5) that has a current road or highway system adequate to facilitate present and future vehicular traffic expeditiously to and from the facility.

The consideration of clause (5) shall prevail when two competing licensees are relatively equal regarding other considerations mandated by law or rule.”

The motion prevailed and the amendment was adopted.

McKasy moved to amend S. F. No. 863, as amended, as follows:

Page 1, line 17, delete “25” and insert “20”

A roll call was requested and properly seconded.

The question was taken on the McKasy amendment and the roll was called. There were 81 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lieder	Omamm	Shaver
Anderson, R.	Frerichs	Marsh	Onnen	Simoneau
Battaglia	Gruenes	McDonald	Otis	Skoglund
Beard	Gutknecht	McKasy	Ozment	Sparby
Begich	Hartle	McPherson	Pappas	Stanius
Bennett	Haukoos	Milbert	Pauly	Sviggum
Boo	Heap	Miller	Poppenhagen	Thiede
Brown	Himle	Minne	Price	Tompkins
Burger	Hugoson	Morrison	Quist	Trimble
Carlson, D.	Jaros	Munger	Rice	Valento
Cooper	Jennings	Murphy	Richter	Vanasek
DeBlieck	Johnson, V.	Nelson, C.	Rodosovich	Wagenius
Dempsey	Kahn	Nelson, D.	Schafer	Waltman
Dille	Kelly	Neuenschwander	Scheid	Welle
Dorn	Kinkel	Olson, E.	Seaberg	Wenzel
Forsythe	Kludt	Olson, K.	Segal	Wynia
				Spk. Norton

Those who voted in the negative were:

Bauerly	Jacobs	Larsen	Pelowski	Schreiber
Bertram	Jefferson	Lasley	Peterson	Steensma
Carlson, L.	Johnson, A.	McEachern	Quinn	Swenson
Carruthers	Johnson, R.	McLaughlin	Redalen	Tjornhom
Clark	Kalis	O'Connor	Reding	Tunheim
Clausnitzer	Knuth	Ogren	Rose	Uphus
Dauner	Kostohryz	Olsen, S.	Sarna	Vellenga
Greenfield	Krueger	Orenstein	Schoenfeld	Voss
				Winter

The motion prevailed and the amendment was adopted.

Sviggum moved to amend S. F. No. 863, as amended, as follows:

Page 1, delete lines 17 and 18

Renumber the clauses in order

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Sviggum amendment and the roll was called. There were 33 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Bishop	Haukoos	McKasy	Onnen	Thiede
Boo	Heap	McPherson	Quist	Wagenius
Dempsey	Jensen	Milbert	Rice	Waltman
Dille	Kelly	Miller	Richter	Welle
Forsythe	Kludt	Munger	Schafer	Wenzel
Gruenes	Knickerbocker	Murphy	Skoglund	
Gutknecht	Marsh	Omann	Sviggum	

Those who voted in the negative were:

Anderson, G.	Hartle	Long	Pelowski	Solberg
Battaglia	Himle	McDonald	Peterson	Sparby
Bauerly	Hugoson	McEachern	Poppenhagen	Stanius
Beard	Jacobs	McLaughlin	Price	Steensma
Begich	Jaros	Minne	Quinn	Swenson
Bennett	Jefferson	Morrison	Redalen	Tjornhom
Bertram	Jennings	Nelson, C.	Reding	Tompkins
Brown	Johnson, A.	Nelson, D.	Rest	Trimble
Burger	Johnson, R.	Nelson, K.	Riveness	Tunheim
Carlson, L.	Kahn	O'Connor	Rodosovich	Uphus
Carruthers	Kalis	Ogren	Rose	Valento
Clausnitzer	Kinkel	Olsen, S.	Rukavina	Vanasek
Cooper	Knuth	Olson, E.	Sarna	Vellenga
Dauner	Kostohryz.	Olson, K.	Schoenfeld	Voss
DeBlieck	Krueger	Orenstein	Seaberg	Winter
Dorn	Larsen	Ozment	Segal	Wynia
Frerichs	Lasley	Pappas	Shaver	Spk. Norton
Greenfield	Lieder	Pauly	Simoneau	

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

S. F. No. 863, A bill for an act relating to horse racing; authorizing the racing commission to issue an additional license for a racetrack in the seven-county metropolitan area to be used for standard-bred racing; amending Minnesota Statutes 1986, sections 240.06, by adding a subdivision; and 240.14, 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 98 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Krueger	Olson, E.	Sarna
Battaglia	Gutknecht	Larsen	Olson, K.	Scheid
Bauerly	Hartle	Lieder	Omann	Schoenfeld
Beard	Haukoos	Long	Onnen	Schreiber
Begich	Himle	McDonald	Orenstein	Seaberg
Bennett	Jacobs	McEachern	Osthoff	Segal
Bertram	Jaros	McKasy	Otis	Shaver
Boo	Jefferson	McLaughlin	Ozment	Simoneau
Brown	Jennings	McPherson	Pappas	Solberg
Burger	Jensen	Milbert	Pauly	Stanius
Carlson, D.	Johnson, A.	Miller	Pelowski	Sviggum
Carlson, L.	Johnson, R.	Minne	Peterson	Swenson
Carruthers	Johnson, V.	Morrison	Price	Tunheim
Clausnitzer	Kahn	Munger	Quinn	Uphus
Cooper	Kalis	Murphy	Redalen	Valento
Dauner	Kinkel	Nelson, C.	Reding	Vanasek
Dempsey	Kludt	Nelson, D.	Rest	Waltman
Dille	Knickerbocker	O'Connor	Richter	Spk. Norton
Dorn	Knuth	Ogren	Riveness	
Frederick	Kostohryz	Olsen, S.	Rukavina	

Those who voted in the negative were:

Bishop	Heap	Poppenhagen	Skoglund	Vellenga
Clark	Hugoson	Quist	Sparby	Wagenius
DeBlieck	Kelly	Rice	Steensma	Welle
Forsythe	Marsh	Rodosovich	Thiede	Wenzel
Greenfield	Nelson, K.	Rose	Tjornhom	Winter
Gruenes	Neuenschwander	Schafer	Trimble	Wynia

The bill was passed, as amended, and its title agreed to.

H. F. No. 305, A bill for an act relating to the city of Mankato; authorizing location of certain polling places more than 3,000 feet outside precinct boundaries.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dille	Heap	Johnson, V.
Anderson, R.	Burger	Dorn	Himle	Kahn
Battaglia	Carlson, L.	Forsythe	Hugoson	Kalis
Bauerly	Carruthers	Frederick	Jacobs	Kelly
Beard	Clark	Frerichs	Jaros	Kinkel
Begich	Clausnitzer	Greenfield	Jefferson	Kludt
Bennett	Cooper	Gruenes	Jennings	Knickerbocker
Bertram	Dauner	Gutknecht	Jensen	Knuth
Blatz	DeBlieck	Hartle	Johnson, A.	Kostohryz
Boo	Dempsey	Haukoos	Johnson, R.	Krueger

Larsen	Nelson, C.	Pelowski	Scheid	Tompkins
Lasley	Nelson, D.	Peterson	Schoenfeld	Trimble
Lieder	Nelson, K.	Poppenhagen	Schreiber	Uphus
Long	Neuenschwander	Price	Seaberg	Valento
Marsh	O'Connor	Quinn	Segal	Vanasek
McDonald	Ogren	Quist	Shaver	Vellenga
McEachern	Olsen, S.	Redalen	Simoneau	Voss
McKasy	Olson, E.	Reding	Skoglund	Wagenius
McLaughlin	Omman	Rest	Solberg	Waltman
McPherson	Onnen	Rice	Sparby	Welle
Milbert	Orenstein	Richter	Stanius	Wenzel
Miller	Osthoff	Rodosovich	Steensma	Winter
Minne	Otis	Rose	Sviggum	Wynia
Morrison	Ozment	Rukavina	Swenson	Spk. Norton
Munger	Pappas	Sarna	Thiede	
Murphy	Pauly	Schafer	Tjornhom	

The bill was passed and its title agreed to.

H. F. No. 630, A bill for an act relating to health; allowing health maintenance organizations to adjust premiums based on actual health services utilization; amending Minnesota Statutes 1986, sections 62D.04, subdivision 1; 62D.08, subdivision 3; and 62D.10, 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 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	McKasy	Quinn	Trimble
Anderson, R.	Hartle	McLaughlin	Quist	Tunheim
Battaglia	Haukoos	McPherson	Redalen	Uphus
Bauerly	Heap	Milbert	Reding	Valento
Beard	Hugoson	Miller	Rest	Vanasek
Begich	Jacobs	Minne	Rice	Vellenga
Bennett	Jaros	Morrison	Richter	Voss
Bertram	Jefferson	Murphy	Riveness	Wagenius
Blatz	Jennings	Nelson, C.	Rodosovich	Waltman
Boo	Jensen	Nelson, D.	Rose	Welle
Brown	Johnson, A.	Nelson, K.	Rukavina	Wenzel
Burger	Johnson, R.	Neuenschwander	Sarna	Winter
Carlson, D.	Johnson, V.	O'Connor	Schafer	Wynia
Carlson, L.	Kahn	Ogren	Scheid	Spk. Norton
Carruthers	Kelly	Olsen, S.	Schoenfeld	
Clark	Kinkel	Olson, E.	Seaberg	
Clausnitzer	Kludt	Olson, K.	Segal	
Cooper	Knickerbocker	Omman	Shaver	
Dauner	Knuth	Onnen	Simoneau	
DeBlicek	Kostohryz	Orenstein	Skoglund	
Dempsey	Krueger	Osthoff	Solberg	
Dille	Larsen	Ozment	Sparby	
Dorn	Lasley	Pappas	Stanius	
Forsythe	Lieder	Pauly	Steensma	
Frederick	Long	Pelowski	Sviggum	
Frerichs	Marsh	Peterson	Thiede	
Greenfield	McDonald	Poppenhagen	Tjornhom	
Gruenes	McEachern	Price	Tompkins	

Those who voted in the negative were:

Swenson

The bill was passed and its title agreed to.

H. F. No. 931, A bill for an act relating to public guardianship; modifying standards and procedures for the appointment of public guardians for mentally retarded persons; providing for powers and duties of public guardians; amending Minnesota Statutes 1986, sections 252.291, subdivision 3; 252A.01; 252A.02, subdivisions 2, 4, 6, 7, 8, 11, 12, and by adding subdivisions; 252A.03, subdivisions 2 and 3; 252A.04, subdivisions 1 and 3; 252A.05; 252A.06; 252A.07, subdivisions 1 and 3; 252A.14; 252A.16; 252A.17; 252A.19, subdivisions 1, 2, and 3, and by adding a subdivision; 252A.20, subdivision 1; 252A.21, subdivision 2; 253B.03, subdivisions 1 and 6; and 525.56, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252A; repealing Minnesota Statutes 1986, sections 252A.08; 252A.10; 252A.11; 252A.13; 252A.15; and 252A.18.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Marsh	Pappas	Skoglund
Anderson, R.	Hartle	McDonald	Pauly	Solberg
Battaglia	Haukoos	McEachern	Pelowski	Sparby
Bauerly	Heap	McKasy	Peterson	Stanius
Beard	Hugoson	McLaughlin	Poppenhagen	Steensma
Begich	Jacobs	McPherson	Price	Sviggum
Bennett	Jaros	Milbert	Quinn	Swenson
Bertram	Jefferson	Miller	Quist	Thiede
Blatz	Jennings	Minne	Redalen	Tjornhom
Boo	Jensen	Morrison	Reding	Tompkins
Burger	Johnson, A.	Munger	Rest	Trimble
Carlson, D.	Johnson, R.	Murphy	Rice	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Uphus
Carruthers	Kahn	Nelson, D.	Riveness	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Vellenga
Cooper	Kinkel	O'Connor	Rukavina	Voss
Dauner	Kludt	Ogren	Sarna	Wagenius
DeBlieck	Knickerbocker	Olsen, S.	Schafer	Waltman
Dempsey	Knuth	Olson, E.	Scheid	Welle
Dorn	Kostobryz	Olson, K.	Schoenfeld	Wenzel
Forsythe	Krueger	Omann	Schreiber	Winter
Frederick	Larsen	Onnen	Seaberg	Wynia
Frerichs	Lasley	Orenstein	Segal	Spk. Norton
Greenfield	Lieder	Otis	Shaver	
Gruenes	Long	Ozment	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 482, A bill for an act relating to insurance; regulating terminations of certain agency contracts; requiring companies to attempt to rehabilitate agents before terminating their appointment; regulating these rehabilitation agreements; amending Minnesota Statutes 1986, section 60A.171, subdivisions 1, 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. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Ozment	Solberg
Anderson, R.	Gruenes	Long	Pappas	Sparby
Battaglia	Gutknecht	Marsh	Pauly	Stanius
Bauerly	Hartle	McDonald	Pelowski	Steensma
Beard	Haukoos	McEachern	Peterson	Sviggum
Begich	Heap	McKasy	Poppenhagen	Swenson
Bennett	Himle	McLaughlin	Price	Thiede
Bertram	Hugoson	McPherson	Quinn	Tjornhom
Blatz	Jacobs	Milbert	Quist	Tompkins
Boo	Jefferson	Miller	Redalen	Trimble
Brown	Jennings	Minne	Reding	Tunheim
Burger	Jensen	Morrison	Rest	Uphus
Carlson, D.	Johnson, A.	Munger	Richter	Valento
Carlson, L.	Johnson, R.	Murphy	Riveness	Vanasek
Carruthers	Johnson, V.	Nelson, C.	Rodosovich	Vellenga
Clark	Kahn	Nelson, D.	Rose	Voss
Clausnitzer	Kalis	Nelson, K.	Sarna	Wagenius
Cooper	Kelly	Neuenschwander	Schafer	Waltman
Dauner	Kinkel	O'Connor	Scheid	Welle
DeBlicck	Kludt	Ogren	Schoenfeld	Wenzel
Dempsey	Knickerbocker	Olsen, S.	Schreiber	Winter
Dille	Knuth	Olsen, E.	Seaberg	Wynia
Dorn	Kostohryz	Olsen, K.	Segal	Spk. Norton
Forsythe	Krueger	Omann	Shaver	
Frederick	Larsen	Orenstein	Simoneau	
Frerichs	Lasley	Osthoff	Skoglund	

The bill was passed and its title agreed to.

Vanasek 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.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. No. 753.

H. F. No. 753 was reported to the House.

Solberg and Johnson, V., moved to amend H. F. No. 753, the second engrossment, as follows:

Page 166, delete section 2

Renumber the subsequent section accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Solberg and Johnson, V., amendment and the roll was called. There were 64 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dille	Kelso	Onnen	Seaberg
Anderson, R.	Forsythe	Kinkel	Orenstein	Shaver
Bennett	Frederick	Knickerbocker	Pauly	Solberg
Bishop	Frerichs	Knuth	Pelowski	Stanius
Blatz	Gutknecht	McDonald	Poppenhagen	Steensma
Brown	Hartle	McKasy	Price	Sviggum
Burger	Haukoos	McPherson	Quist	Thiede
Carlson, D.	Heap	Milbert	Redalen	Tjornhom
Clausnitzer	Himle	Miller	Reding	Uphus
Cooper	Hugoson	Morrison	Richter	Valento
Dauner	Jennings	Neuenschwander	Rose	Waltman
DeBlick	Jensen	Olsen, S.	Schafer	Wenzel
Dempsey	Johnson, V.	Olsen, E.	Schreiber	

Those who voted in the negative were:

Battaglia	Jefferson	McLaughlin	Pappas	Swenson
Bauerly	Johnson, A.	Minne	Peterson	Tompkins
Beard	Johnson, R.	Munger	Quinn	Trimble
Begich	Kahn	Murphy	Rest	Tunheim
Bertram	Kalis	Nelson, C.	Riveness	Vanasek
Boo	Kelly	Nelson, D.	Rodosovich	Vellenga
Carlson, L.	Kludt	Nelson, K.	Rukavina	Voss
Carruthers	Krueger	O'Connor	Sarna	Wagenius
Clark	Larsen	Ogren	Scheid	Welle
Dorn	Lasley	Olson, K.	Schoenfeld	Winter
Greenfield	Lieder	Omann	Segal	Wynia
Gruenes	Long	Osthoff	Simoneau	Spk. Norton
Jacobs	Marsh	Otis	Skoglund	
Jaros	McEachern	Ozment	Sparby	

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



## CALL OF THE HOUSE

On the motion of Vanasek and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Ferichs	Larsen	Orenstein	Segal
Anderson, R.	Greenfield	Lasley	Osthoff	Shaver
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Marsh	Ozment	Skoglund
Beard	Hartle	McDonald	Pappas	Solberg
Begich	Haukoos	McEachern	Pauly	Sparby
Bennett	Heap	McKasy	Pelowski	Stanius
Bertram	Himle	McLaughlin	Peterson	Steensma
Bishop	Hugoson	McPherson	Poppenhagen	Sviggum
Blatz	Jacobs	Milbert	Price	Swenson
Boo	Jaros	Miller	Quinn	Thiede
Brown	Jefferson	Minne	Quist	Tjornhom
Burger	Jennings	Morrison	Redalen	Tompkins
Carlson, D.	Jensen	Munger	Reding	Trimble
Carlson, L.	Johnson, A.	Murphy	Rice	Tunheim
Carruthers	Johnson, R.	Nelson, C.	Richter	Uphus
Clark	Johnson, V.	Nelson, D.	Riveness	Valento
Clausnitzer	Kahn	Nelson, K.	Rodosovich	Vanasek
Cooper	Kalis	Neuenschwander	Rose	Vellenga
Dauner	Kelly	O'Connor	Rukavina	Voss
DeBlicck	Kelso	Ogren	Sarna	Wagenius
Dempsey	Kinkel	Olsen, S.	Schafer	Waltman
Dille	Kludt	Olson, E.	Scheid	Welle
Dorn	Knickerbocker	Olson, K.	Schoenfeld	Wenzel
Forsythe	Knuth	Omamm	Schreiber	Winter
Frederick	Kostohryz	Onnen	Seaberg	Spk. Norton

Vanasek 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.

Carlson, D., was excused between the hours of 5:00 p.m. and 6:00 p.m.

Quinn and Knickerbocker moved to amend H. F. No. 753, the second engrossment, as follows:

Page 23, after line 29, insert:

"Sec. 33. [USE OF CERTAIN REVENUE INCREASES.]

A district that has an increase in foundation revenue as a result of the pupil unit weighting change made in section 1 must use the additional foundation revenue to decrease class size in grades kindergarten through third grade or to alleviate problems caused by large class sizes in those grades.

In the 1988-89 school year, districts that have increases in foundation revenue as a result of the pupil unit weighting change made in section 1 must submit a report to the department of education

showing that the additional foundation revenue has been used to decrease class size in grades kindergarten through third grade or to alleviate problems caused by large class sizes in those grades."

Renumber sections accordingly

Correct internal cross references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Quinn and Knickerbocker amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 119 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Orenstein	Shaver
Anderson, R.	Gutknecht	Long	Osthoff	Simoneau
Battaglia	Hartle	Marsh	Otis	Skoglund
Bauerly	Heap	McDonald	Ozment	Solberg
Beard	Himle	McEachern	Pappas	Sparby
Begich	Hugoson	McKasy	Pauly	Stanius
Bennett	Jacobs	McLaughlin	Pelowski	Steensma
Bertram	Jaros	McPherson	Peterson	Swenson
Bishop	Jefferson	Milbert	Price	Tjornhom
Blatz	Jennings	Miller	Quinn	Tompkins
Brown	Jensen	Minne	Quist	Trimble
Burger	Johnson, A.	Munger	Redalen	Tunheim
Carlson, L.	Johnson, R.	Murphy	Reding	Uphus
Carruthers	Kahn	Nelson, C.	Rest	Valento
Clark	Kahs	Nelson, D.	Rice	Vanasek
Clausnitzer	Kelso	Nelson, K.	Riveness	Vellenga
Cooper	Kinkel	Neuenschwander	Rodosovich	Voss
Dauner	Kludt	O'Connor	Rose	Wagenius
DeBlieck	Knickerbocker	Ogren	Rukavina	Waltman
Dille	Knuth	Olsen, S.	Sarna	Welle
Dorn	Kostohryz	Olson, E.	Scheid	Wenzel
Forsythe	Krueger	Olson, K.	Schoenfeld	Winter
Frederick	Larsen	Omann	Seaberg	Spk. Norton
Greenfield	Lasley	Onnen	Segal	

Those who voted in the negative were:

Dempsey	Haukoos	Poppenhagen	Schafer	Sviggum
Frerichs	Morrison	Richter	Schreiber	Thiede

The motion prevailed and the amendment was adopted.

The Speaker called Long to the Chair.

Carlson, L.; Knuth and Rose moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 107, after line 14, insert:

“Sec. 14. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 4a. [EXCESS TRAINING AND EXPERIENCE LEVY.] For levies certified in 1987 payable in 1988 and each year thereafter, districts that have a training and experience index of 1.6 or greater in the fiscal year the levy is certified, and that have a total foundation revenue increase per actual pupil unit of no more than two percent between the fiscal year in which the levy would be certified and the next fiscal year, may levy an additional 1 mill.”

Re-number subsequent sections

Correct internal cross references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Olson, K., moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 17, line 20, delete “\$2,695” and insert “\$2,785”

Page 24, line 2, delete “\$1,073,638,000” and insert “\$1,088,753,000”

Page 24, line 9, delete “\$909,211,000” and insert “\$924,326,000”

Page 102, line 36, after “two” insert “and seven-tenths”

Page 108, line 1, after “two” insert “and seven-tenths”

Page 117, line 9, delete “\$53,233,500” and insert “\$38,018,500”

Page 117, line 16, delete “\$53,158,000” and insert “\$37,943,000”

Page 117, line 19, delete “\$62,538,800” and insert “\$44,638,800”

A roll call was requested and properly seconded.

Thiede moved to amend the Olson, K., amendment to H. F. No. 753, the second engrossment, as amended, as follows:

Page 1 of the amendment, after line 2, insert:

"Page 4, delete lines 3 to 18

Page 4, delete section 3

Page 5, delete section 4

Page 9, line 7, delete "\$798,862,000" and insert "\$813,362,000"

Page 11, delete sections 18 and 19

Page 12, delete section 20"

Page 1 of the amendment, delete line 3 and insert:

"Page 17, after line 25, insert:

"In addition to the formula equity allowance provided in the 1988-89 school year, each district receiving total foundation revenue of less than \$2,740 per actual pupil unit shall receive an additional \$45 in foundation aid per actual pupil unit for the 1988-89 school year."

Page 1 of the amendment, delete lines 4 to 15

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 46 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Knickerbocker	Pauly	Segal
Bennett	Frerichs	McDonald	Poppenhagen	Stanis
Bishop	Gutknecht	McKasy	Quist	Swiggum
Blatz	Hartle	McPherson	Redalen	Swenson
Burger	Haukoos	Miller	Richter	Thiede
Clausnitzer	Heap	Morrison	Rose	Tompkins
Dempsey	Himle	Olsen, S.	Schafer	Uphus
Dille	Hugoson	Omann	Schreiber	Valento
Forsythe	Johnson, V.	Onnen	Seaberg	Waltman
				Wenzel

Those who voted in the negative were:

Anderson, G.	Beard	Boo	Carlson, L.	Cooper
Battaglia	Begich	Brown	Carruthers	Dauner
Bauerly	Bertram	Carlson, D.	Clark	DeBlicck

Dorn	Kludd	Murphy	Peterson	Skoglund
Greenfield	Knuth	Nelson, C.	Price	Solberg
Gruenes	Kostohryz	Nelson, D.	Quinn	Sparby
Jacobs	Krueger	Nelson, K.	Reding	Steensma
Jefferson	Larsen	Neuenschwander	Rest	Tjornhom
Jennings	Lasley	O'Connor	Rice	Trimble
Jensen	Lieder	Ogren	Riveness	Vanasek
Johnson, A.	Long	Olson, E.	Rodosovich	Vellenga
Johnson, R.	Marsh	Olson, K.	Rukavina	Voss
Kahn	McEachern	Orenstein	Sarna	Wagenius
Kalis	McLaughlin	Osthoff	Scheid	Welle
Kelly	Milbert	Otis	Schoenfeld	Winter
Kelso	Minne	Pappas	Shaver	Wynia
Kinkel	Munger	Pelowski	Simoneau	Spk. Norton

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

Sviggum moved to amend the Olson, K., amendment to H. F. No. 753, the second engrossment, as amended, as follows:

Page 1 of the Olson, K., amendment, after line 2, insert:

"Page 4, delete lines 3 to 18

Page 9, line 7, delete "\$798,862,000" and insert "\$813,362,000"

Page 1 of the Olson, K., amendment, after line 3, insert:

"Page 17, after line 25, insert:

"In addition to the equity formula allowance provided in the 1988-89 school year, each district receiving total foundation revenue of less than \$2,775 per actual pupil unit shall receive an additional \$80 in foundation aid per actual pupil unit for the 1988-89 school year."

Page 1 of the Olson, K., amendment, delete lines 4 to 15

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bishop	Burger	Clausnitzer	Dille
Bennett	Blatz	Carlson, D.	Dempsey	Forsythe

Frederick	Knickerbocker	Onnen	Scheid	Tjornhom
Frerichs	Lieder	Ozment	Schreiber	Tompkins
Gutknecht	McDonald	Pauly	Seaberg	Uphus
Hartle	McKasy	Poppenhagen	Segal	Valento
Haukoos	McPherson	Quist	Shaver	Waltman
Heap	Miller	Redalen	Stanius	
Himle	Morrison	Richter	Sviggum	
Hugoson	Olsen, S.	Rose	Swenson	
Johnson, V.	Omann	Schafer	Thiede	

Those who voted in the negative were:

Anderson, G.	Jacobs	Long	Otis	Sparby
Battaglia	Jefferson	Marsh	Pappas	Steensma
Bauerly	Jennings	McEachern	Pelowski	Trimble
Beard	Jensen	McLaughlin	Peterson	Tunheim
Begich	Johnson, A.	Milbert	Price	Vanasek
Bertram	Johnson, R.	Minne	Quinn	Vellenga
Boo	Kahn	Munger	Reding	Voss
Brown	Kalis	Murphy	Rest	Wagenius
Carlson, L.	Kelly	Nelson, C.	Rice	Welle
Carruthers	Kelso	Nelson, D.	Riveness	Wenzel
Clark	Kinkel	Nelson, K.	Rodosovich	Winter
Cooper	Kludt	Neuenschwander	Rukavina	Wynia
Dauner	Knuth	O'Connor	Sarna	Spk. Norton
DeBlicek	Kostohryz	Ogren	Schoenfeld	
Dorn	Krueger	Olson, E.	Simoneau	
Greenfield	Larsen	Olson, K.	Skoglund	
Gruenes	Lasley	Orenstein	Solberg	

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

The question recurred on the Olson, K., amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 81 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings	McEachern	Ozment	Solberg
Battaglia	Jensen	McLaughlin	Pappas	Sparby
Bauerly	Johnson, R.	Milbert	Pelowski	Steensma
Beard	Kahn	Minne	Peterson	Sviggum
Begich	Kalis	Munger	Price	Swenson
Bertram	Kelly	Nelson, C.	Quinn	Tompkins
Brown	Kelso	Nelson, D.	Quist	Trimble
Carlson, L.	Kinkel	Nelson, K.	Reding	Tunheim
Carruthers	Kludt	Neuenschwander	Rest	Vanasek
Clark	Knuth	Ogren	Rice	Vellenga
Cooper	Kostohryz	Olson, E.	Rodosovich	Voss
Dauner	Krueger	Olson, K.	Rukavina	Wagenius
DeBlicek	Larsen	Omann	Scheid	Welle
Greenfield	Lasley	Orenstein	Schoenfeld	Wenzel
Jacobs	Lieder	Osthoff	Schreiber	Winter
Jefferson	Long	Otis	Skoglund	Wynia
				Spk. Norton

Those who voted in the negative were:

Anderson, R.	Forsythe	Johnson, A.	Olsen, S.	Shaver
Bennett	Frederick	Johnson, V.	Onnen	Simoneau
Bishop	Frerichs	Knickerbocker	Pauly	Stanius
Blatz	Gruenes	Marsh	Poppenhagen	Thiede
Boo	Gutknecht	McDonald	Redalen	Tjornhom
Burger	Hartle	McKasy	Richter	Uphus
Carlson, D.	Haukoos	McPherson	Rose	Valento
Clausnitzer	Heap	Miller	Sarna	Waltman
Dempsey	Himle	Morrison	Schafer	
Dille	Hugoson	Murphy	Seaberg	
Dorn	Jaros	O'Connor	Segal	

The motion prevailed and the amendment was adopted.

Quinn, Knickerbocker and Olson, E., offered an amendment to H. F. No. 753, the second engrossment, as amended.

#### POINT OF ORDER

Thiede raised a point of order pursuant to rule 3.10 that the Quinn et al amendment was not in order. Speaker pro tempore Long ruled the point of order well taken and the amendment out of order.

Thiede offered an amendment to H. F. No. 753, the second engrossment, as amended.

#### POINT OF ORDER

Kostohryz raised a point of order pursuant to rule 3.10 that the Thiede amendment was not in order. Speaker pro tempore Long ruled the point of order well taken and the amendment out of order.

The Speaker resumed the Chair.

Forsythe and Olsen, S., offered an amendment to H. F. No. 753, the second engrossment, as amended.

#### POINT OF ORDER

McEachern raised a point of order pursuant to rule 3.10 that the Forsythe and Olsen, S., amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

Knuth and Rose moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 107, after line 30, insert:

"Sec. 15. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 9d. [1986 OPERATING DEBT LEVY.] (1) Each year, a district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1986, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1986. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision, subdivision 9b, or 9c, but may levy under only one of these subdivisions.

(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.03, subdivision 1 or 3, in that same year."

Renumber the sections in sequence

Correct internal references

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

Segal moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 5, after line 8, insert:

"However, for fiscal year 1989, the amount of the deduction shall be one-sixth of the difference between clauses (1) and (2); for fiscal year 1990, the amount of the deduction shall be one-third of the difference between clauses (1) and (2); for fiscal year 1991, the amount of the deduction shall be one-half of the difference between clauses (1) and (2); for fiscal year 1992, the amount of the deduction shall be two-thirds of the difference between clauses (1) and (2); and



for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2)."

Page 9, line 7, delete "\$798,862,000" and insert "\$812,862,000"

Page 11, after line 34, insert:

"However, for fiscal year 1989, the amount of the deduction shall be one-sixth of the difference between clauses (1) and (2); for fiscal year 1990, the amount of the deduction shall be one-third of the difference between clauses (1) and (2); for fiscal year 1991, the amount of the deduction shall be one-half of the difference between clauses (1) and (2); for fiscal year 1992, the amount of the deduction shall be two-thirds of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2)."

Page 12, after line 25, insert:

"However, for fiscal year 1989, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); for fiscal year 1990, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); and for fiscal year 1991, the amount of the deduction shall be one-half of the difference between clauses (a) and (b); for fiscal year 1992, the amount of the deduction shall be two-thirds of the difference between clauses (a) and (b); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (a) and (b)."

Page 13, after line 15, insert:

"However, for fiscal year 1989, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); for fiscal year 1990, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); and for fiscal year 1991, the amount of the deduction shall be one-half of the difference between clauses (a) and (b); for fiscal year 1992, the amount of the deduction shall be two-thirds of the difference between clauses (a) and (b); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (a) and (b)."

A roll call was requested and properly seconded.

The question was taken on the Segal amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 23 yeas and 98 nays as follows:

Those who voted in the affirmative were:

Blatz	Knickerbocker	O'Connor	Quist	Simoneau
Forsythe	McKasy	Ogren	Redalen	Thiede
Frederick	McPherson	Olsen, S.	Riveness	Tjornhom
Himle	Morrison	Pauly	Seaberg	
Kludt	Munger	Poppenhagen	Segal	

Those who voted in the negative were:

Anderson, G.	Frerichs	Kinkel	Omann	Shaver
Anderson, R.	Greenfield	Knuth	Orenstein	Skoglund
Battaglia	Gruenes	Kostohryz	Osthoff	Sparby
Bauerly	Gutknecht	Krueger	Otis	Stanisus
Begich	Hartle	Larsen	Ozment	Steensma
Bennett	Haukoos	Lasley	Pelowski	Swenson
Bertram	Heap	Lieder	Peterson	Tompkins
Bishop	Hugoson	Long	Price	Tunheim
Burger	Jacobs	Marsh	Quinn	Uphus
Carlson, D.	Jaros	McDonald	Reding	Valento
Carlson, L.	Jefferson	McEachern	Rest	Vanasek
Carruthers	Jennings	McLaughlin	Rice	Vellenga
Clark	Jensen	Miller	Richter	Voss
Clausnitzer	Johnson, A.	Minne	Rodosovich	Wagenius
Cooper	Johnson, R.	Murphy	Rose	Waltman
Dauner	Johnson, V.	Nelson, C.	Rukavina	Welle
DeBlieck	Kahn	Nelson, D.	Sarna	Wenzel
Dempsey	Kalis	Nelson, K.	Schafer	Winter
Dille	Kelly	Neuenschwander	Schoenfeld	
Dorn	Kelso	Olson, K.	Schreiber	

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

Olsen, S., moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 140, delete section 24

Renumber sections accordingly

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

Tompkins moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 7, line 17, delete "\$2,085" and insert "\$2,035"

Page 9, line 17, delete "\$798,862,000" and insert "\$789,879,000"

Page 18, line 11, delete "1.02" and insert "1.01"

Page 24, line 2, delete "\$1,073,638,000" and insert "\$1,093,438,000"

Page 24, line 9, delete "\$909,211,000" and insert "\$888,811,000"

Page 59, line 34, delete "65.1" and insert "70"

Page 82, line 3, delete "\$146,782,800" and insert "\$149,881,400"

Page 82, line 4, delete "\$138,802,700" and insert "\$153,352,700"

Page 82, line 6, delete "\$124,935,700" and insert "\$128,034,300"

Page 82, line 8, delete "\$22,422,700" and insert "\$22,594,300"

Page 82, line 9, delete "\$116,380,000" and insert "\$130,758,500"

Page 82, line 15, delete "\$147,358,400" and insert "\$150,628,500"

Page 82, line 15, delete "\$137,292,800" and insert "\$153,833,500"

A roll call was requested and properly seconded.

The question was taken on the Tompkins amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 56 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Johnson, V.	Osthoff	Shaver
Bennett	Frerichs	Kludt	Ozment	Stanilus
Bishop	Gruenes	Knickerbocker	Pauly	Sviggum
Blatz	Gutknecht	Marsh	Poppenhagen	Swenson
Boo	Hartle	McDonald	Quist	Thiede
Burger	Haukoos	McPherson	Richter	Tjornhom
Carlson, D.	Heap	Miller	Rose	Tompkins
Clausnitzer	Himle	Morrison	Schafer	Uphus
Dauner	Hugoson	Olsen, S.	Schreiber	Valento
Dempsey	Johnson, A.	Omann	Seaberg	Waltman
Forsythe	Johnson, R.	Onnen	Segal	Welle
				Winter

Those who voted in the negative were:

Anderson, G.	Cooper	Kelly	McEachern	O'Connor
Battaglia	DeBlieck	Kelso	McLaughlin	Ogren
Bauerly	Dorn	Kinkel	Milbert	Olson, E.
Beard	Greenfield	Knuth	Minne	Olson, K.
Begich	Jaros	Kostohryz	Munger	Orenstein
Bertram	Jefferson	Krueger	Murphy	Otis
Brown	Jennings	Larsen	Nelson, C.	Pappas
Carlson, L.	Jensen	Lasley	Nelson, D.	Pelowski
Carruthers	Kahn	Lieder	Nelson, K.	Peterson
Clark	Kalis	Long	Neuenschwander	Price

Quinn	Rodosovich	Solberg	Vellenga	Spk. Norton
Redalen	Rukavina	Sparby	Voss	
Reding	Sarna	Trimble	Wagenius	
Rest	Schoenfeld	Tunheim	Wenzel	
Rice	Simoneau	Vanasek	Wynia	

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

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

Quinn moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 95, after line 17, insert:

"Section 1. [43A.315] [EMPLOYEES OF SCHOOL DISTRICTS.]

Subdivision 1. [DEFINITIONS.] In this section, the definitions in this subdivision apply.

(a) [COMMISSIONER.] "Commissioner" means the commissioner of the department 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; (2) a person employed by another public educational employer approved by the commissioner of employee relations; or (3) 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 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; or an education unit organized under the joint powers act, section 471.59.

(d) [EXCLUSIVE REPRESENTATIVE.] "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

Subd. 2. [SCHOOL EMPLOYEE PARTICIPATION.] Participation in the basic benefits plan offered according to subdivision 3 is subject to the conditions in this subdivision.

(a) Each exclusive representative for an eligible employer determines whether the employees it represents will participate. The exclusive representative shall give notice to the employer of its determination to participate in the hospital, medical, life, and dental package before 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 established by the commissioner. By April 1 of an odd-numbered year, the employer must determine whether its employees who are not represented by an exclusive representative will participate in the hospital, medical, life, and dental package. Either all or none of an employer's unrepresented employees must participate.

(b) The decision to participate is for a one-year term if coverage begins in an even-numbered year and a two-year term if coverage begins in an odd-numbered year. Participation is automatically renewed for an additional four-year term unless the exclusive representative, or the employer in the case of unrepresented employees, gives the commissioner notice of withdrawal.

(c) The exclusive representative shall give notice of intent to withdraw to the commissioner before execution of a new collective bargaining agreement to cover the date on which the term of participation expires, or May 1 of the year in which the term of participation expires, whichever is first. If there is no exclusive representative, the employer shall notify the commissioner by May 1 of the year in which participation expires. A group that withdraws shall wait 18 months before rejoining.

(d) Each participating employer shall notify the commissioner of the individuals who will be participating within three weeks of receiving notice of intent to participate and within three weeks of deciding that its unrepresented employees will participate. The employer shall also submit other information as required by the commissioner for administration of this plan.

Subd. 3. [BENEFITS.] By February 1, 1989, the commissioner of employee relations shall offer a basic benefits plan as provided to employees covered by section 43A.18, subdivision 2, or as modified by the commissioner, in consultation with a labor-management committee appointed by the commissioner. The plan shall include employee hospital, medical, dental, and life insurance for employees and hospital and medical benefits for dependents. Health maintenance organization options and other delivery system options, if they are available, cost effective, and capable of servicing a group of this size, shall be provided. Plans with different deductible amounts may be offered. Participation in optional coverages provided by the plan may be determined by collective bargaining agreements. For employees not represented by an exclusive representative, the em-

ployer may offer the optional coverages to eligible employees and their dependents provided in the plan.

Subd. 4. [PREMIUMS.] Premiums, including an administration fee, shall be established by the commissioner of employee relations. 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 proportions of premium paid by the employer and employee are subject to collective bargaining.

Subd. 5. [FRINGE BENEFIT FUND.] A school employee fringe benefit fund is established in the state treasury. The deposits consist of the premiums received from employers participating in the plan. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. The commissioner shall reserve an amount of money to cover the estimated cost of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund shall be credited to the fund.

Subd. 6. [CONTINUATION OF COVERAGE.] (a) A participating employee who is laid off or placed on unrequested leave may elect to continue the fringe benefit coverage. This coverage is at the expense of the employee unless otherwise provided by a collective bargaining agreement. Coverage continues until one of the following occurs: (1) the employee is reemployed and eligible for health care coverage under a group policy; or (2) the insurance continuation periods required by state and federal laws expire.

(b) A participating employee who retires and is receiving an annuity or is eligible for and has applied for an annuity under chapter 352, 353, 354, or 354A is eligible to continue to participate in the group hospital, medical, and dental coverage at premiums established by the commissioner. This participation is at the retiree's expense, unless otherwise provided by a collective bargaining agreement. An employer shall notify an employee of this option no later than the effective date of retirement. The retired employee must notify the employer within 30 days after 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 paragraph must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The benefits may continue in the event of a 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 paragraphs (a) to (c) shall notify the employer or former employer of intent to participate according to timelines established by the commissioner. The employer shall notify the commissioner, and coverage shall begin as soon as permitted by the commissioner. Persons participating under these paragraphs shall make required premium payments in the time and manner established by the employer or the commissioner.

Subd. 7. [LABOR MANAGEMENT COMMITTEE.] A labor management committee of equal numbers of employees and employers or their representatives shall be appointed by the commissioner of employee relations. The committee shall study issues relating to the insurance plan including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency."

Page 101, after line 24, insert:

"Sec. 13. [APPROPRIATIONS; DEPARTMENT OF EMPLOYEE RELATIONS.]

There is appropriated from the general fund to the commissioner of employee relations to establish the fringe benefit plan in section 1:

\$100,000.....1988.

This amount shall be available until June 30, 1989."

A roll call was requested and properly seconded.

The question was taken on the Quinn amendment and the roll was called.

Vanasek 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.	Blatz	Cooper	Greenfield	Jaros
Anderson, R.	Boo	Dauner	Gruenes	Jefferson
Battaglia	Brown	DeBlieck	Gutknecht	Jennings
Bauerly	Burger	Dempsey	Hartle	Jensen
Beard	Carlson, D.	Dille	Haukoos	Johnson, A.
Begich	Carlson, L.	Dorn	Heap	Johnson, R.
Bennett	Carruthers	Forsythe	Himle	Johnson, V.
Bertram	Clark	Frederick	Hugoson	Kahn
Bishop	Clausnitzer	Frerichs	Jacobs	Kalis

Kelly	Milbert	Orenstein	Rodosovich	Swenson
Kelso	Miller	Osthoff	Rose	Thiede
Kinkel	Minne	Otis	Rukavina	Tjornhom
Kludt	Morrison	Ozment	Sarna	Tompkins
Knuth	Munger	Pappas	Schafer	Trimble
Kostohryz	Murphy	Pauly	Scheid	Tunheim
Krueger	Nelson, C.	Pelowski	Schoenfeld	Uphus
Larsen	Nelson, D.	Peterson	Schreiber	Valento
Lasley	Nelson, K.	Price	Seaberg	Vanasek
Lieder	Neuenschwander	Quinn	Segal	Vellenga
Long	O'Connor	Quist	Shaver	Voss
Marsh	Ogren	Redalen	Simoneau	Wagenius
McDonald	Olsen, S.	Reding	Skoglund	Waltman
McEachern	Olsen, E.	Rest	Solberg	Welle
McKasy	Olson, K.	Rice	Sparby	Wenzel
McLaughlin	Omann	Richter	Stanius	Wynia
McPherson	Onnen	Riveness	Sviggum	Spk. Norton

The motion prevailed and the amendment was adopted.

Bishop moved to amend H. F. No. 753, the second engrossment, as amended by the Carlson, L., Knuth and Rose amendment, as follows:

Page 1 of the Carlson, L., et al amendment, line 13, after the period insert: "A school board may not certify a levy authorized under this subdivision unless approved by the voters of the district at a referendum called for the purpose. The referendum shall be held in accordance with the procedures set out in section 124A.03, subdivision 2."

Carlson, L., and Rose moved to amend the Bishop amendment to H. F. No. 753, the second engrossment, as amended, as follows:

Page 1, of the Bishop amendment line 1, delete "A school board" and insert "The school boards of independent school districts Nos. 535 and 271"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Bishop amendment, as amended, to H. F. No. 753, the second engrossment, as amended.

The motion prevailed and the amendment, as amended, was adopted.

Sviggum moved to amend H. F. No. 753, the second engrossment, as amended, as follows:



Page 3, line 36, strike "of the"

Page 4, line 1, delete "second fiscal year of the previous biennium" and insert "1985"

Page 7, line 32, delete "88" and insert "81"

Page 9, line 7, delete "\$798,862,000" and insert "\$805,210,000"

Page 17, after line 25, insert:

"In addition to the formula equity allowance provided in the 1988-89 school year, each district with total foundation revenue of less than \$2,825 per actual pupil unit shall receive an additional \$40 in foundation aid per actual pupil unit for the 1988-89 school year."

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 47 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	McKasy	Quist	Thiede
Bennett	Frerichs	McPherson	Redalen	Tjornhom
Bishop	Gutknecht	Miller	Richter	Tompkins
Blatz	Hartle	Morrison	Schafer	Uphus
Burger	Haukoos	Olsen, S.	Scheid	Valento
Carlson, D.	Heap	Omman	Schreiber	Waltman
Clausnitzer	Himle	Onnen	Seaberg	Welle
Dempsey	Hugoson	Ozment	Shaver	
Dille	Johnson, V.	Pauly	Sviggum	
Forsythe	McDonald	Poppenhagen	Swenson	

Those who voted in the negative were:

Anderson, G.	Greenfield	Kostohryz	Neuenschwander	Rice
Battaglia	Gruenes	Krueger	O'Connor	Riveness
Bauerly	Jacobs	Larsen	Ogren	Rodosovich
Beard	Jefferson	Lasley	Olson, E.	Rukavina
Begich	Jennings	Lieder	Olson, K.	Sarna
Bertram	Jensen	Long	Orenstein	Schoenfeld
Boo	Johnson, A.	Marsh	Osthoff	Segal
Brown	Johnson, R.	McEachern	Otis	Simoneau
Carlson, L.	Kahn	McLaughlin	Pappas	Skoglund
Carruthers	Kalis	Milbert	Pelowski	Solberg
Clark	Kelly	Minne	Peterson	Sparby
Cooper	Kelso	Murphy	Price	Steensma
Dauner	Kinkel	Nelson, C.	Quinn	Trimble
DeBlicck	Kludt	Nelson, D.	Reding	Tunheim
Dorn	Knuth	Nelson, K.	Rest	Vanasek

Vellenga  
VossWagenius  
WenzelWinter  
Wynia

Spk. Norton

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

Quist moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 169, line 16, after "syndrome." insert "This information must emphasize that all persons have an obligation to avoid transmitting deadly communicable diseases to others."

A roll call was requested and properly seconded.

The question was taken on the Quist amendment and the roll was called.

Vanasek 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.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Long	Otis	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Begich	Heap	McKasy	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Sviggum
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jefferson	Miller	Quist	Tjornhom
Boo	Jennings	Minne	Redalen	Tompkins
Brown	Jensen	Morrison	Reding	Trimble
Burger	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Sarna	Wagenius
DeBleck	Kinkel	Ogren	Schafer	Waltman
Dempsey	Kludt	Olsen, S.	Scheid	Welle
Dille	Knuth	Olson, E.	Schoenfeld	Wenzel
Dorn	Kostohryz	Olson, K.	Schreiber	Winter
Forsythe	Krueger	Omann	Seaberg	Wynia
Frederick	Larsen	Onnen	Segal	
Frerichs	Lasley	Orenstein	Shaver	

The motion prevailed and the amendment was adopted.

McPherson, Heap and Olsen, S., offered an amendment to H. F. No. 753, the second engrossment, as amended.

## POINT OF ORDER

McEachern raised a point of order pursuant to rule 3.10 that the McPherson et al amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

Segal and Forsythe moved to amend H. F. No. 753, the second engrossment, as amended, as follows:

Page 110, after line 32, insert:

"Sec. 17. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

Subd. 11d. [CAPITAL LEVY; COMMUNITY CENTER.] In addition to other levies, a school district may levy not more than \$3 per district resident, if the district has a surplus school building that is being used as a community center. The proceeds of the levy may be used only for capital expenditures otherwise allowed in this section that are related to the community center building. If a petition signed by a number of voters of the district equal to five percent of the number voting at the most recent district election is filed with the board calling for an election upon the levy, the levy shall only be made after approval at the next regular or special election in the district."

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

H. F. No. 753, A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; changing the capital expenditure formula; changing the secondary vocational funding formula; increasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3, 5, and by adding subdivisions; 121.87, subdivision 1, and by adding a subdivision; 121.88, subdivision 2, and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1, and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1,

4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivisions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124.275; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.17; 129B.20; 129B.21; 129B.35; 129B.37; and 275.125, subdivision 5d.

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.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 81 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlicke	Kalis	Long	Ogren
Battaglia	Dorn	Kelly	McEachern	Olson, E.
Bauerly	Greenfield	Kelso	McLaughlin	Olson, K.
Beard	Jacobs	Kinkel	Milbert	Omann
Begich	Jaros	Kludt	Minne	Onnen
Bertram	Jefferson	Knuth	Munger	Orenstein
Brown	Jennings	Kostohryz	Nelson, C.	Osthoff
Carruthers	Jensen	Krueger	Nelson, D.	Otis
Clark	Johnson, A.	Larsen	Nelson, K.	Ozment
Cooper	Johnson, R.	Lasley	Neuenschwander	Pappas
Dauner	Kahn	Lieder	O'Connor	Pelowski

Peterson	Rukavina	Steensma	Vellenga	Wynia
Price	Sarna	Sviggum	Voss	Spk. Norton
Quinn	Schoenfeld	Tompkins	Wagenius	
Reding	Skoglund	Trimble	Welle	
Rice	Solberg	Tunheim	Wenzel	
Rodosovich	Sparby	Vanasek	Winter	

Those who voted in the negative were:

Anderson, R.	Forsythe	Marsh	Redalen	Simoneau
Bennett	Frederick	McDonald	Rest	Stanius
Bishop	Frerichs	McKasy	Richter	Swenson
Blatz	Gruenes	McPherson	Riveness	Thiede
Boo	Gutknecht	Miller	Rose	Tjornhom
Burger	Hartle	Morrison	Schafer	Uphus
Carlson, D.	Haukoos	Murphy	Scheid	Valento
Carlson, L.	Heap	Olsen, S.	Schreiber	Waltman
Clausnitzer	Himle	Pauly	Seaberg	
Dempsey	Hugoson	Poppenhagen	Segal	
Dille	Johnson, V.	Quist	Shaver	

The bill was passed, as amended, and its title agreed to.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Kahn moved that the name of Skoglund be added as an author on House Advisory No. 28. The motion prevailed.

Skoglund moved that the name of Segal be added as an author on H. F. No. 392. The motion prevailed.

Clark moved that the name of Skoglund be added as an author on H. F. No. 1144. The motion prevailed.

Segal moved that the name of Trimble be added as an author on H. F. No. 1631. The motion prevailed.

Greenfield moved that S. F. No. 593 be recalled from the Committee on Health and Human Services and together with H. F. No. 1222, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Munger moved that H. F. No. 275, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Clark moved that H. F. No. 1002, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Nelson, D., moved that the name of Valento be stricken and the name of Anderson, G., be added as chief author on H. F. No. 837. The motion prevailed.

Wynia moved that the name of Clark be stricken and the name of Anderson, G., be added as chief author on H. F. No. 243. The motion prevailed.

Sarna moved that his name be stricken as an author on H. F. No. 1397. The motion prevailed.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 12:00 noon, Friday, May 1, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Friday, May 1, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 1, 1987

The House of Representatives convened at 12:00 noon and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Dr. Merlyn Satrom, Grace Lutheran Church, St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Gruenes	Lieder	Ozment	Skoglund
Battaglia	Gutknecht	Long	Pappas	Solberg
Bauerly	Hartle	Marsh	Pauly	Sparby
Beard	Haukoos	McDonald	Pelowski	Stanius
Begich	Heap	McEachern	Peterson	Steensma
Bennett	Himle	McKasy	Poppenhagen	Sviggum
Bertram	Hugoson	McLaughlin	Price	Swenson
Bishop	Jacobs	McPherson	Quinn	Thiede
Blatz	Jaros	Milbert	Quist	Tjornhom
Boo	Jefferson	Miller	Redalen	Tompkins
Brown	Jennings	Minne	Reding	Trimble
Burger	Jensen	Morrison	Rest	Tunheim
Carlson, D.	Johnson, A.	Munger	Rice	Uphus
Carlson, L.	Johnson, R.	Murphy	Richter	Valento
Carruthers	Johnson, V.	Nelson, C.	Riveness	Vanasek
Clark	Kahn	Nelson, D.	Rodosovich	Vellenga
Clausnitzer	Kalis	Nelson, K.	Rose	Voss
Cooper	Kelly	Neuenschwander	Rukavina	Wagenius
Dauner	Kelso	O'Connor	Sarna	Waltman
DeBlicck	Kinkel	Ogren	Schafer	Welle
Dempsey	Kludt	Olsen, S.	Scheid	Wenzel
Dille	Knickerbocker	Olson, E.	Schoenfeld	Winter
Dorn	Knuth	Olson, K.	Schreiber	Wynia
Forsythe	Kostohryz	Omann	Seaberg	Spk. Norton
Frederick	Krueger	Orenstein	Segal	
Frerichs	Larsen	Osthoff	Shaver	
Greenfield	Lasley	Otis	Simoneau	

A quorum was present.

Onnen was excused until 1:00 p.m. Anderson, R., was excused until 3:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 894, 1022, 275, 373, 1076, 1111, 65, 1002, 1203, 1265, 1283, 1350, 1343, 1562, 1008, 1222, 1417 and 283 and S. F. Nos. 473, 184 and 557 have been placed in the members' files.

S. F. No. 593 and H. F. No. 1222, 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. 593 be substituted for H. F. No. 1222 and that the House File be indefinitely postponed. The motion prevailed.

## REPORTS OF STANDING COMMITTEES

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 236, A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1986, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1986, chapter 210A.

Reported the same back with the following amendments:

Page 4, line 7, delete "\$250" and insert "\$500"

Page 11, after line 35, insert:

"Sec. 6. [211B.055] [EDITORIAL MATERIAL.]

Unpaid material published in a newspaper, magazine, or other publication that is designed to influence the outcome of an election or the passage or defeat of a bill in the state legislature must be clearly identified as editorial material by placing it on an editorial page or by printing next to the material the words: "This material is the editorial opinion of this publication."

Renumber the sections in sequence

Page 13, line 33, delete "6" and insert "7"

Page 15, line 3, delete "14" and insert "15"

Page 20, line 4, delete "the purpose of campaigning" and insert "political purposes"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 243, A bill for an act relating to human services; authorizing a change in license fees that fund educational programs for resident and family advisory councils; appropriating money; amending Minnesota Statutes 1986, section 144A.33, subdivision 3, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### APPROPRIATIONS

Section 1. [HUMAN SERVICES, CORRECTIONS, HEALTH; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1987," "1988," and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

## SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$1,919,400	\$1,088,344,600	\$1,135,864,800	\$2,226,128,800
Special Revenue	\$	3,620,100	\$ 3,639,100	\$ 7,259,200
Public Health Fund	\$	3,420,400	\$ 3,419,300	\$ 6,839,700
Metropolitan Landfill	\$	140,100	\$ 140,100	\$ 280,200
Trunk Highway	\$	536,000	\$ 535,400	\$ 1,071,400
Total	\$1,919,400	\$1,096,061,200	\$1,143,598,700	\$2,241,579,300

APPROPRIATIONS  
Available for the Year  
Ending June 30,  
1988                      1989

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation    \$928,601,400    \$978,242,800

The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

Federal money received in excess of the estimates shown in the 1987 department of human services budget document reduces the state appropriation by the amount of the excess receipts, unless otherwise directed by the governor, after consulting with the legislative advisory commission.

Positions and administrative money may be transferred within the department of human services as the commissioner considers necessary, with the advance approval of the commissioner of finance.

1988

1989

\$

\$

Estimates of federal money that will be earned by the various accounts of the department of human services and deposited in the general fund are detailed on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance. If federal money anticipated is less than that shown on the official worksheets, the commissioner of finance shall reduce the amount available from the direct appropriation a corresponding amount. The reductions must be noted in the budget document submitted to the 76th legislature in addition to an estimate of similar federal money anticipated for the 1989-1991 biennium.

The commissioner of human services is authorized to use up to \$180,000 from the revolving account created by Minnesota Statutes, section 256.01, subdivision 2, paragraph (15), for the purposes of maximizing collections of federal Title IV-E funds through automation of the administrative functions associated with the licensing of foster care and family day care homes.

The information system project appropriations shall be deposited in the special systems account according to the provisions of Minnesota Statutes, section 256.014 and, except for development costs under the Child Support Enforcement Project, are not available until September 1, 1987.

Funds appropriated to computer projects may be transferred from one project to another as the commissioner considers necessary.

	1988	1989
	\$	\$
<p>The commissioner shall report quarterly to the chair of the senate finance committee and the chair of the house of representatives appropriation committee detailing the progress made, the nature and amount of expenditures made, and future development plans. On January 1 of each year the commissioner must also report to the legislature under the provisions of Minnesota Statutes, section 256.014, subdivision 3, on the steps taken to integrate these projects with the information systems architecture of the state.</p>		

The unexpended appropriation for these projects remaining in the first year do not cancel but are available in the second year of the biennium.

Subd. 2. Human Services Management	7,710,200	7,724,100
Subd. 3. Policy and Program Support Services	4,171,700	4,320,300
Subd. 4. Community Social Services	73,234,000	66,659,700

The commissioner may use money from available social service appropriations to pay appropriate administrative and training costs associated with child foster care programs to maximize federal reimbursement under title IV-E of the social security act, United States Code, title 42, sections 670 to 676. State money may be used for this purpose only if the money is replaced by other federal or state money so that there is no reduction or delay in payments for any of the programs involved. Notwithstanding any other law, transfers must be disregarded when applying the formula for allocation of state social service money and must not cause a reduction in the total amount of money available to grantees.

	1988	1989
	\$	\$
Of this appropriation, \$48,199,300 the first year and \$40,969,400 the second year are for community social services subsidies.		

Of the amount appropriated to the day care sliding fee program, \$121,700 is allocated each year of the biennium to the migrant day care program.

\$447,400 is allocated for each year of the biennium ending June 30, 1989, from the federal title XX allocation to the migrant day care program.

Any unexpended balance of the fiscal year 1988 appropriation for the subsidized adoption program shall not cancel, but shall be available for fiscal year 1989.

Notwithstanding the criteria in Minnesota Rules, part 9525.0960, subpart 3, for the biennium ending June 30, 1989, the commissioner shall use semi-independent living services funding for new persons first to reduce the number of inappropriate nursing home placements and then to provide alternative community services to those recipients in intermediate care facilities for the mentally retarded or waived services who are no longer eligible for those services. This provision supersedes any inconsistent provision of Minnesota Statutes, section 252.275 or any other law.

1988

1989

\$

\$

By January 15, 1988, the commissioner of human services shall report to the chairs of the health and human services committee in the senate and the house of representatives on information systems needed to support improved accountability from the general fund and monitoring for county social service expenditures. The report shall include but not be limited to: the identification of minimum data elements required for federal compliance purposes; an inventory and description of current social services data collection activities; an assessment of specific data elements needed to monitor major state social services policy goals; an analysis of any difficulties imposed by data collection by target population; and opportunities for improving the reliability and accuracy of data submitted by counties. The commissioner shall also make recommendations for future technical improvements and identify any needed strategies for transition from current reporting mechanisms to systems with better reliability, timeliness, and county participation.

Funds appropriated to the foster grandparent, retired senior volunteer, and senior companion programs may be transferred among the programs as the commissioner considers necessary.

The commissioner shall review social services programs offered and proposed to be offered to senior citizens including but not limited to the foster grandparent, retired senior volunteer, and senior companion programs. The commissioner shall prepare a report as follows: (1) outlining the purposes, funding, target populations, and counties served by each program; (2) identifying areas of overlap among the programs; and (3) examining alternatives that would allow flexibility in design and delivery of programs for senior citizens. The com-

	1988	1989
missioner shall present the report to the legislature by January 1, 1988.	\$	\$

Subd. 5. Mental Health	15,826,700	43,367,200
------------------------	------------	------------

The \$50,000 appropriated for the study of Alzheimer's disease in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6c is available until expended. The transfer of funds from the commissioner of human services to the commissioner of health shall continue to pay St. Paul Ramsey Medical Center for the autopsies. St. Paul Ramsey Medical Center is responsible for reimbursing Minnesota physicians and pathologists for their services and other expenses related to the removal, transportation, and storage of decedents' brains.

\$25,000 of the money appropriated to the department of human services for mental health program administration shall be used to fund the study and report to the legislature on issues related to involuntary outpatient commitment.

Subd. 6. Income Maintenance	609,967,200	647,013,600
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Notwithstanding any other law, money appropriated for income maintenance programs must not be transferred for other purposes except as allowed in this subdivision, subdivision 1, or section 12.



1988

1989

\$

\$

Of the \$243,400 appropriated to administer prepaid health plans, \$100,000 in fiscal year 1988 and \$100,000 in fiscal year 1989 are to be used to fund three new staff positions in the department of human services. \$43,400 in fiscal year 1988 is to be used to fund five temporary positions in the department of human services. If the temporary staff members are not needed until fiscal year 1989, the \$43,400 does not cancel and is available to be used in fiscal year 1989.

\$2,500,000 is available for each year of the biennium for case management services to caretakers in priority groups receiving aid to families with dependent children. The unencumbered balance remaining at the end of the first year does not cancel but is available for the second year of the biennium.

\$5,694,800 is appropriated to the Children's Health Fund. The staff complement of the department of human services is increased by five positions to administer the Children's Health Fund.

Of this amount, \$25,000 is appropriated for the purpose of training welfare fraud prosecutors, \$25,000 is appropriated for the purpose of training welfare fraud investigators, and \$80,000 is appropriated for the purpose of staffing and equipping the fraud training and control function.

The staff complement of the department of human services is increased by one position in order to carry out duties formerly assigned to the coordinator of full productivity and opportunity.

The amounts that may be spent from this appropriation for each activity are as follows:

	1988	1989
	\$	\$
(a) Aid to Families with Dependent Children, General Assistance, Work Readiness, Minnesota Supplemental Assistance		
	\$147,156,400	\$147,443,900

\$1,900,000 is appropriated for fiscal year 1987 to fund the deficiency in the work readiness account.

If the appropriation for aid to families with dependent children, general assistance, work readiness, and Minnesota supplemental assistance is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

During the biennium ending June 30, 1989, the commissioner of human services shall provide supplementary grants not to exceed \$816,800 a year for aid to families with dependent children and include the following costs in determining the amount of the supplementary grants: major home repairs; repair of major home appliances; utility recaps; supplementary dietary needs not covered by medical assistance; replacement of essential household furnishings and essential major appliances; and employment-related transportation and educational expenses. Of this amount, \$616,800 is for employment-related transportation and educational expenses.

If receipts under Minnesota Statutes 1986, section 287.12, exceed the state share of aid to families with dependent children grants, the excess amount must be paid to the department of human services.

1988

1989

\$

\$

Notwithstanding any law to the contrary, when federal money is available to match state money, the commissioner of human services may transfer to the special needs account of the aid to families with dependent children program any part of the appropriation for day care sliding fee services, Minnesota Statutes, section 245.84, provided to persons or families who are receiving aid to families with dependent children payments. Federal money received during the biennium for child care services under this rider is appropriated to the commissioner of human services for day care sliding fee services.

The commissioner of human services shall set the standard of assistance for general assistance or work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203.

(b) Medical Assistance and General Assistance Medical Care

\$413,873,500.      \$447,225,500

If the appropriation for medical assistance and general assistance medical care is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

Federal money received during the biennium for administration of the home and community-based services waiver for persons with mental retardation is appropriated to the commissioner of human services for administration of the home and community-based services program and must be deposited in that activity's account.

1988

1989

\$

\$

For medical assistance services rendered on or after July 1, 1987, payments to medical assistance vendors for physician services, dental care, vision care, podiatric services, chiropractic care, physical therapy, occupational therapy, speech pathologists, audiologists, mental health centers, psychologists, public health clinics, and independent laboratory and X-ray services shall be based on payments in effect on June 30, 1987, and shall be reduced by five percent. This percentage reduction shall not apply to prenatal care and delivery services.

\$40,000 of the first year's appropriation is for a special study to develop recommendations to implement an alternative payment mechanism to reimburse hospitals for inpatient mental health services. A proposal or proposals must be presented to the legislature before February 1, 1988.

The commissioner of human services shall contract for a study that includes quality assurance evaluations and medical record audits of prepaid health plans under contract to the commissioner to provide medical assistance services. Federal money received during the biennium to fund this project is appropriated to the commissioner. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Notwithstanding any other law to the contrary, \$7,100,000 of the appropriation contained in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, does not cancel but shall be available during fiscal year 1988 to pay medical assistance costs of acute care hospital outlier charges incurred prior to July 1, 1987.

1988

1989

\$

\$

The maximum pharmacy dispensing fee under medical assistance and general assistance medical care shall be \$4.

The provision in Laws of 1985, First Special Session, chapter 9, article 1, section 2, subdivision 5, relating to a phase-out of the rateable reductions in the general assistance medical care program is repealed. \$6,100,000 of the surplus remaining in medical assistance and general assistance medical care at the end of fiscal year 1987 does not cancel but is available for fiscal year 1988.

Any person for whom a fund raising effort has taken place to obtain the money necessary for a liver transplant, shall not have that amount counted as a resource or asset for the purpose of determining continued eligibility under medical assistance so long as the funds have been placed in a trust account and the amount raised does not exceed the actual cost of the transplant operation, hospitalization, and after care.

Notwithstanding the allocation provisions of Minnesota Statutes, section 254B.02, and until such time as the federal waiver required to be applied for by Minnesota Statutes, section 254B.08 is obtained, the department shall withhold sufficient funds from the consolidated chemical dependency treatment fund, established pursuant to Minnesota Statutes, chapter 254B, to pay the state share of chemical dependency treatment services provided after July 1, 1987, through the medical assistance program.

(c) Preadmission Screening and Alternative Care Grants

\$16,696,700      \$18,763,500

	1988	1989
(d) Other Income Maintenance Activities	\$	\$
\$32,240,600		\$33,580,700
 Subd. 7. Long-Term Care Manage- ment	 4,795,100	 4,910,000
 Subd. 8. Chemical Dependency, Hearing Impaired, and Protection Ser- vices	 28,419,000	 31,331,300

The entire sum of the money made available to the state as a result of Public Law Number 99-570, title 4, subtitle A, section 4002, of the federal Alcohol and Drug Abuse Amendments of 1986, must be deposited in the chemical dependency fund.

The commissioner shall prepare a report to the chairs of the human services division of house appropriations and the health and human services subcommittee of senate finance containing details concerning the provision of chemical dependency services by regional treatment centers, including utilization rates, staffing levels, costs incurred and rates charged. The commissioner shall deliver the report before February 1, 1988.

\$100,000 of the money appropriated each year for services to deaf persons shall be for grants for specialized mental health services for deaf and multiple-handicapped deaf persons at St. Paul-Ramsey Medical Center.

#### Subd. 9. Reimbursement and Facilities Administration

The amounts that may be spent from this appropriation for each activity are as follows:

	1988	1989
	\$	\$
(a) Regional Treatment Centers		
Approved Complement		
June 30, 1988	June 30, 1989	
4,569.0	4,342.0	
(1) Salaries		
\$142,422,900	\$134,813,600	
(2) Current Expense		
\$ 13,347,100	\$ 13,343,200	
(3) Repairs and Betterments		
\$ 1,772,300	\$ 1,772,300	
(4) Special Equipment		
\$ 680,100		

Any unencumbered balances in special equipment and repairs and betterments remaining in the first year do not cancel but are available for the second year of the biennium.

The commissioner of human services shall consolidate both program and support functions at each of the regional centers and state nursing homes to ensure efficient and effective space utilization which is consistent with applicable licensing and certification standards. Surplus buildings shall be reported to the commissioner of administration for appropriate disposition in accordance with Minnesota Statutes, section 16B.24.

For the biennium ending June 30, 1989, \$2,000,000 must be retained in a financial reserve account for use by the commissioner to support regional treatment center chemical dependency programs. Funds in this account that are unexpended on June 1, 1989, must be deposited in the chemical dependency fund established under Minnesota Statutes, chapter 254B.

	1988	1989
	\$	\$
329 staff positions related to the provision of chemical dependency services in the regional treatment centers and funded by general fund appropriations are transferred to each regional treatment center's chemical dependency account established under Minnesota Statutes, section 246.18, subdivision 3.		

The commissioner shall operate the pilot projects established under Laws of Minnesota 1985, chapter 9, article 1, subdivision 6(a)(1), within the limits of available appropriations.

State operated community-based service positions shall not be counted for position reduction purposes. These positions shall remain part of the authorized complement.

Any unexpended balance remaining in the regional treatment center fuel and utilities appropriations for fiscal year 1987 is reappropriated for the biennium ending June 30, 1989, to be used as follows: \$225,000 to replace a boiler at Oak Terrace Nursing Home; \$180,000 for the purpose of conducting reimbursement projects to increase collections and better manage client programs in the regional treatment centers; and up to \$450,000 for department computer charges incurred in fiscal year 1987.

(b) Nursing Homes

Approved Complement - 605.5

(1) Salaries

\$17,029,000	\$16,973,400
--------------	--------------

(2) Current Expense

\$ 2,250,500	\$ 2,267,300
--------------	--------------

(3) Repairs and Betterments

\$ 432,300	\$ 232,300
------------	------------

(4) Special Equipment

\$ 73,900	
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	1988	1989
	\$	\$
(c) Other Reimbursement and Facilities Administration Activities		
	\$ 6,469,400	\$ 3,514,500

For the child support enforcement activity, during the biennium ending June 30, 1989, money received from the counties for providing data processing services must be deposited in that activity's account. The money is appropriated to the commissioner of human services for the purposes of the child support enforcement activity.

Sec. 3. OFFICE OF FULL PRODUCTIVITY AND OPPORTUNITY

153,200            0

Sec. 4. COMMISSIONER OF JOBS AND TRAINING

Subdivision 1. Total Appropriation    30,102,200    27,830,800

The amounts that may be spent from this appropriation for each program are more specifically described in the following subdivisions.

Subd. 2. Employment and Training  
\$ 7,097,300    \$ 5,613,300

Of this appropriation, \$3,500,000 the first year and \$3,500,000 the second year are for Minnesota employment and economic development wage subsidies. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium. To the extent permissible under federal and state law, the commissioner shall use money available from the federal government and the private sector to fund the program.

1988                      1989  
\$                                      \$

Notwithstanding any other law to the contrary, the commissioner may spend up to one percent of the appropriation for employment programs for each fiscal year for the department's administrative costs and for program operators' administrative costs.

Of the money appropriated for the summer youth employment program for fiscal year 1988, \$750,000 is immediately available. If that amount is insufficient for the costs incurred, an additional amount may be transferred with the advance approval of the commissioner of finance. Any unexpended balance of the immediately available money is available for the year in which it is appropriated. Contracts for the calendar year 1987 program must be written for the entire period of the calendar year 1987 program.

The commissioner of jobs and training shall develop, in consultation with the commissioners of education, human services, and natural resources, a coordinated plan for enhanced youth education, employment, and service opportunities. This plan shall consider the current programming of the Minnesota conservation corps, the Minnesota youth program, the summer youth employment and training program, community and secondary vocational education, and other appropriate programs in designing a coordinated cost-effective model which would enlarge opportunities for youth. The plan should also recommend a model for coordinated funding. The commissioners shall report to the appropriate committees of the legislature by January 1, 1988.

1988

1989

\$

\$

In the event the federal work incentive program is ended before June 30, 1989, any remaining funds appropriated from the general fund to the department of human services to operate the work incentive program shall transfer to the Minnesota employment and economic development wage subsidy program in the department of jobs and training. This transfer is in addition to funds appropriated to the wage subsidy program for the biennium.

The staff complement of the department of jobs and training is increased by two positions in order to carry out duties formerly assigned to the coordinator of full productivity and opportunity.

Subd. 3. Rehabilitation Services

\$20,583,500      \$20,497,100

Any unexpended balance remaining in the first year does not cancel and is available for the second year.

Subd. 4. Community Services

\$ 2,421,400      \$ 1,720,400

Of this appropriation, \$400,000 the first year and \$400,000 the second year are to provide for the local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities. The department of jobs and training shall report on the surplus commodities program to the state legislature by January 15 of each year.

1988

\$

1989

\$

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, the commissioner of jobs and training shall transfer to the community services block grant program ten percent of the money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred money during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs.

Twenty-five percent of the funds transferred by the commissioner of jobs and training from the low-income home energy assistance block grant to the community services block grant shall be used to supplement the federal funding of Project Head Start for children from low-income families. Notwithstanding any law to the contrary, these transferred funds shall be allocated through the existing Project Head Start formula to existing Project Head Start grantees for the purpose of expanding services to additional low-income families. The transferred funds shall be expended according to the federal regulations governing Project Head Start, including Code of Federal Regulations, title 45, sections 1302 through 1305. Each local Project Head Start shall expend the supplemental funds during the year of their receipt or the year following their receipt. Up to two percent of the supplemental funds may be used by the commissioner of jobs and training for administrative costs.

The commissioner of jobs and training shall prepare an annual report to the legislature describing the uses and impacts of the Project Head Start supplemental funding. The first annual report shall be delivered to the appropriate committees of the legislature on January 1 following the first full school

1988

1989

\$

\$

year for which supplemental funding is available.

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, the commissioner of jobs and training shall shift to the low-income home weatherization program at least five percent of money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred funds during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs.

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, no more than 1.11 percent of funds received under the total low-income home energy assistance program may be used by the commissioner of jobs and training for administrative costs.

To the extent allowable under federal regulations, the commissioner of jobs and training shall ensure that the income eligibility criteria established by the federal government for the low-income home energy assistance program apply also to the low-income home weatherization program.

The commissioner of the department of jobs and training shall allocate all discretionary funds from the community services block grant (regular), the community services block grant (supplement), and all other discretionary funds resulting from all other block grant transfers to the community services block grant only to state-designated and state-recognized community action agencies, Indian reservations and the Minnesota migrant council. None of these funds may be used by the commissioner of jobs and training for administrative purposes.

1988

1989

\$

\$

In the event that the federal office of community services does not recognize the Olmsted and Freeborn county community action agencies as eligible entities for full funding, the commissioner of jobs and training shall maintain and provide such full funding as would otherwise be allocated to Olmsted and Freeborn county community action agencies from community services block grants (regular), community services block grants (supplement), and any other block grant transfers.

The commissioner of the department of jobs and training shall by January 1, 1988, provide to the house appropriations committee, and to the house appropriations division of health and human services, a written plan describing how the DJT's division of community services will issue one contract for human service programs, with the community action agencies, the Indian reservations, and the Minnesota migrant council, including but not limited to, the community services block grant program, the low-income home weatherization program, the low-income energy assistance program, the USDA Surplus Commodities Program, and all other programs for which the division has contractual responsibility.

#### Sec. 5. COMMISSIONER OF CORRECTIONS

##### Subdivision 1. Appropriation by Fund

General Fund	98,104,400	98,069,200
Special Revenue Fund	126,500	126,500

	1988	1989
	\$	\$

The amounts that may be spent from the appropriation for each program and activity are more specifically described in the following subdivisions.

Positions and administrative money may be transferred within the department of corrections as the commissioner considers necessary, upon the advance approval of the commissioner of finance.

For the biennium ending June 30, 1989, the commissioner of corrections may, with the approval of the commissioner of finance and upon notification of the chairs of the health and human services divisions of the house appropriations committee and the senate finance committee, transfer funds to or from salaries.

Any unencumbered balances within this section remaining in the first year shall not cancel but are available for the second year of the biennium.

Subd. 2. Management Services	3,672,900	3,685,800
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Subd. 3. Community Services	23,213,900	24,901,900
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Of this appropriation, \$13,329,500 the first year and \$15,329,500 the second year are for community corrections act subsidies.

Salaries for probation officers of community corrections act jurisdictions shall be commensurate with the salaries paid to comparable positions in the classified service of the state civil service.

	1988	1989
	\$	\$
<p>\$50,000 from the general fund is to provide a state match for county funds used by the Hennepin county department of community services to establish a juvenile residential facility as defined in Minnesota Rules, part 2935.0100, subpart 13, in Hennepin county. The facility shall be used exclusively as a residential placement for American Indian juveniles who are referred for placement by the juvenile court or the commissioner of corrections. Money appropriated under this section may be used to acquire a facility, provide equipment and furnishings for the facility, employ staff, and make modifications necessary to meet the licensing standards of the commissioner under Minnesota Rules, chapter 2935.</p>		

Notwithstanding any other law to the contrary, the commissioner of finance shall deposit in the special revenue account receipts from the provision of juvenile probation services to Lincoln, Lyon, and Faribault counties. These receipts are appropriated to fund battered women grants for the biennium ending June 30, 1989.

There is appropriated for fiscal year 1987, \$19,400 from the general fund for probation and supervised release.

Subd. 4. Correctional Institutions	71,217,600	69,481,500
(a) Salaries		
\$52,119,400	\$51,947,400	
(b) Current Expense		
\$12,253,400	\$12,253,900	
(c) Repairs and Betterments		
\$ 2,516,200	\$ 964,400	



	1988	1989
	\$	\$
For the biennium ending June 30, 1989, the commissioner of corrections may reallocate repair and betterment funds among projects as the commissioner determines necessary.		

## (d) Special Equipment

\$ 342,000	\$ 334,500
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## (e) Institution Support

\$ 3,986,600	\$ 3,981,300
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The commissioner of corrections may enter into agreements with the appropriate Alaskan officials, or officials of any state, political subdivision, or the United States, for housing prisoners in Minnesota correctional facilities. Money received pursuant to such contracts is appropriated to the commissioner of corrections for correctional purposes.

Sec. 6. SENTENCING GUIDELINES COMMISSION	198,000	201,100
Sec. 7. CORRECTIONS OMBUDSMAN	331,900	331,500
Sec. 8. COMMISSIONER OF HEALTH		
Subdivision 1. Appropriation by Fund		
General Fund	30,853,500	31,189,400
Public Health Fund	3,420,400	3,419,300
Trunk Highway Fund	536,000	535,400
Metropolitan Landfill Contingency Fund	140,100	140,100

The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

	1988	1989
	\$	\$
Positions and administrative money may be transferred within the department of health as the commissioner considers necessary, with the advance approval of the commissioner of finance.		
Subd. 2. Preventive and Protective Health Services		
General Fund	7,393,500	7,675,800
Public Health Fund	1,727,200	1,726,800
Metropolitan Landfill Contingency Fund	140,100	140,100

Of this general fund appropriation \$50,000 from the general fund in 1988 is to pay the St. Paul Ramsey Medical Center for autopsies for the purposes of Laws 1985, First Special Session chapter 9, article 2, sections 14, 15, and 91, except that payments may be made to physicians and pathologists statewide for their services and expenses related to the removal, transportation and storage of decedents' brains. The number of autopsies that may be performed is limited only by the amount of the appropriation. The appropriation is available until expended.

Notwithstanding any law to the contrary, the commissioner of health shall charge a fee of at least \$5 for medical laboratory services.

The commissioner of health may charge a fee for voluntary certification of medical laboratories and environmental laboratories. The fee may be established without complying with Minnesota Statutes, chapter 14.

	1988	1989
	\$	\$
<p>The commissioner of health may charge fees for environmental and medical laboratory services in amounts approximately equal to the costs of providing the services. The fees may be established without complying with Minnesota Statutes, chapter 14.</p>		

\$740,000 is available the second year to administer the cancer surveillance system and the provisions of article 2, sections 7 to 10.

#### Subd. 3. Health Delivery Systems

General Fund	20,399,600	20,392,900
Public Health Fund	1,693,200	1,692,500
Trunk Highway Fund	536,000	535,400

Of this appropriation, \$11,828,200 from the general fund each year is for the community health services subsidy.

\$100,000 from the general fund each year is to supplement and be expended consistent with the federal Women, Infants, and Children (WIC) program.

For the purposes of the community health services subsidy, the commissioner of finance may authorize the transfer of money to the community health services activity from the other programs in this section.

If the appropriation for community health services or services to children with handicaps is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

	1988	1989
	\$	\$

Notwithstanding any law to the contrary, appropriations from the general fund for services to children with handicaps for fiscal years 1987, 1988, and 1989 are available until expended and may be used in the maternal and child health activity for grants, staff and supplies consistent with section 9, page 37 of the governor's 1987-1989 biennial budget document. All receipts generated by the services to children with handicaps program are to be deposited as dedicated receipts and appropriated to the commissioner of health for use in the maternal and child health program.

The commissioner of health shall establish a pilot project in one county through the community health agency to coordinate prenatal and maternal and child health funds and programs to improve parenting skills.

Subd. 4. Health Support Services

General Fund	3,060,400	3,120,700
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Sec. 9. HAZARDOUS SUBSTANCE INJURY COMPENSATION BOARD

The \$2,000,000 appropriated to the Hazardous Substance Injury Compensation Board in Laws 1985, First Special Session, chapter 8, section 18 is available until expended.

Sec. 10. HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	3,493,600	3,512,600
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The appropriations in this section are from the special revenue fund.

Subd. 2. Board of Chiropractic Examiners	152,200	140,200
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Subd. 3. Board of Dentistry	317,100	317,400
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	1988	1989
	\$	\$
Subd. 4. Board of Medical Examiners	1,323,100	1,353,000
<p>The board of medical examiners shall establish fees for individuals licensed or registered by it at a level which nearly equals the board's appropriation, general support costs, indirect costs, and attorney general costs. The fees shall be set in accordance with the procedure established by Minnesota Statutes, section 16A.128, subdivision 2a, in effect on August 1, 1984.</p>		
Subd. 5. Board of Nursing	867,100	867,700
<p>Notwithstanding any law to the contrary, the board of nursing may supplement its appropriation by receipts from the board of podiatry for services provided to the board of podiatry.</p>		
Subd. 6. Board of Examiners for Nursing Home Administrators	131,900	132,000
Subd. 7. Board of Optometry	46,900	47,000
Subd. 8. Board of Pharmacy	405,300	405,500
Subd. 9. Board of Podiatry	9,600	9,600
Subd. 10. Board of Psychology	160,300	160,100
Subd. 11. Board of Veterinary Medicine	80,100	80,100
Subd. 12. Revenue		

The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account, if the amount transferred does not exceed the amount of surplus revenue accumulated by the transferee during the previous five years.

	1988	1989
	\$	\$
Subd. 13. Attorney General Services		

Notwithstanding any law to the contrary, in the event the office of the attorney general does not provide legal and investigative services to the health-related licensing boards in either fiscal year 1988 or fiscal year 1989 in an amount at least equal to the services provided in fiscal year 1986, the boards are authorized to contract with the office of the attorney general for such services in amounts not to exceed fee revenues for the year affected.

#### Sec. 11. BUDGET BOOK FORMAT

Notwithstanding Minnesota Statutes, section 16A.11, the commissioner of finance shall consult with and seek the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee and their respective division chairs prior to adopting a format for the 1989-1991 biennial budget document. The commissioner of finance shall not adopt a format for the 1989-1991 biennial budget document until the commissioner has received the positive recommendations of the chair of the house appropriations committee and the chair of the senate finance committee.

#### Sec. 12. FEDERAL RECEIPTS

For the biennium ending June 30, 1989, federal receipts as shown in the biennial budget document or in working papers of the two appropriations committees to be used for financing activities, programs, and projects under the supervision and jurisdiction of the commissioner of human services must be accredited to and become a part of the appropriations provided for in section 2.

1988

1989

\$

\$

### Sec. 13. PROVISIONS

For the biennium ending June 30, 1989, money appropriated to the commissioner of corrections and the commissioner of human services in this act for the purchase of provisions within the item "current expense" must be used solely for that purpose. Money provided and not used for purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of medical and hospital supplies with the approval of the governor after consulting with the legislative advisory commission.

The allowance for food may be adjusted annually according to the United States department of labor, bureau of labor statistics publication, producer price index, with the approval of the commissioner of finance. Adjustments for fiscal year 1988 and fiscal year 1989 must be based on the June 1987, and June 1988, producer price index respectively, but the adjustment must be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.

### Sec. 14. TRANSFERS OF MONEY

Subdivision 1. Governor's Approval Required

1988

1989

\$

\$

For the biennium ending June 30, 1989, the commissioner of human services, the commissioner of corrections, the commissioner of jobs and training, and the commissioner of health shall not transfer money to or from the object of expenditure "personal services" to or from the object of expenditure "claims and grants," as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, except for services for the blind and for those transfers that have the written approval of the governor after consulting with the legislative advisory commission.

#### Subd. 2. Transfers of Unencumbered Appropriations

For the biennium ending June 30, 1989, the commissioners of human services, corrections, and health by direction of the governor after consulting with the legislative advisory commission may transfer unencumbered appropriation balances and positions among all programs.

#### Sec. 15. APPROVED COMPLEMENT

For the biennium ending June 30, 1989, the approved complements indicated in this act are full-time equivalent positions and apply only to positions paid for with money appropriated by this act.

Additional employees over the approved complement may be employed on the basis of public necessity or emergency with the written approval of the governor, but the governor shall not approve the additional personnel until he has consulted with the legislative advisory commission. Requests for in-



	1988	1989
	\$	\$

creases in the approved complement must be forwarded to the appropriate committees on appropriations and finance of the legislature at least 30 days before the legislative advisory commission meeting.

Sec. 16. [EFFECTIVE DATE.]

The appropriations allocated for the fiscal year ending June 30, 1987, are effective the day following final enactment.

ARTICLE 2

INCOME MAINTENANCE AND HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 1986, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Salary Range Effective
	July 1, 1983
Commissioner of education; Commissioner of finance; Commissioner of transportation; Commissioner of human services; Executive director, state board of investment;	\$57,500-\$70,000
Commissioner of administration; Commissioner of agriculture; Commissioner of commerce; Commissioner of corrections; Commissioner of jobs and training; Commissioner of employee relations; Commissioner of energy and economic development; Commissioner of health; Commissioner of labor and industry; Commissioner of natural resources;	\$50,000-\$60,000

Commissioner of revenue;  
 Commissioner of public safety;  
 Chair, waste management board;  
 Chief administrative law judge; office of  
     administrative hearings;  
 Director, pollution control agency;  
 Director, state planning agency;  
 Executive director, housing finance agency;  
 Executive director, public employees  
     retirement association;  
 Executive director, teacher's retirement  
     association;  
 Executive director, state retirement system;  
 Chair, metropolitan council;  
 Chair, regional transit board;  
 Coordinator of full productivity and  
     opportunity;  
 Commissioner of human rights;                     \$40,000-\$52,500  
 Director, department of public service;  
 Commissioner of veterans' affairs;  
 Director, bureau of mediation services;  
 Commissioner, public utilities commission;  
 Member, transportation regulation board.

Sec. 2. [62D.211] [RENEWAL FEE.]

Each health maintenance organization subject to sections 62D.01 to 62D.29 shall submit to the commissioner of health each year before April 1 a certificate of authority renewal fee in the amount of 31 cents per person enrolled in the health maintenance organization on December 31 of the preceding year. The commissioner may adjust the renewal fee in rule under the provisions of chapter 14.

Sec. 3. Minnesota Statutes 1986, section 86.33, subdivision 2, is amended to read:

Subd. 2. [PROJECT COORDINATION.] The commissioner of natural resources shall consult with the full productivity and opportunity coordinator and develop a plan that establishes: a priority for unemployed youths who are economically, socially, physically, or educationally disadvantaged; the ways in which participants will be assisted in gaining ongoing employment or training upon completing the projects; the ways in which exclusive bargaining representatives are to be consulted in regard to the positions and job duties of persons employed in projects; and how the projects are coordinated with other publicly authorized or subsidized programs.

The commissioner shall submit the plan to the full productivity and opportunity coordinator in each even-numbered year, according to standards established by the coordinator for use in developing a biennial statewide employment and training plan.

Sec. 4. Minnesota Statutes 1986, section 86.33, subdivision 3, is amended to read:

Subd. 3. ~~[REPORTING; CORPS MEMBER STATUS; FEES.]~~ The commissioner of natural resources shall cooperate with the full productivity and opportunity coordinator in developing and implementing any evaluation and reporting systems for employment and training programs. All camp staff except camp directors in the young adult program are corps members. Corps members are not eligible for unemployment compensation or other benefits except workers' compensation, and they are not employees of the state of Minnesota within the meaning of section 43A.02, subdivision 21. The commissioner may charge a fee for any service performed by the corps.

Sec. 5. Minnesota Statutes 1986, section 136C.06, is amended to read:

136C.06 [SOLE STATE AGENCY.]

The state board of vocational technical education is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The state board shall develop and submit the state plan for vocational technical education. The state board shall develop the state plan according to terms of agreement with the state board of education. ~~Before developing and submitting the state plan, the state board shall consult with the full productivity and opportunity coordinator. The state board shall submit the state plan to the full productivity and opportunity coordinator for use in developing a biennial statewide employment and training plan.~~

Sec. 6. Minnesota Statutes 1986, section 144.55, subdivision 6, is amended to read:

Subd. 6. [SUSPENSION, REVOCATION, AND REFUSAL TO RENEW.] (a) The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the following grounds:

(1) Violation of any of the provisions of sections 144.50 to 144.56 or the rules or standards issued pursuant thereto;

(2) Permitting, aiding, or abetting the commission of any illegal act in the institution;

(3) Conduct or practices detrimental to the welfare of the patient;  
or

(4) Obtaining or attempting to obtain a license by fraud or misrepresentation.

(b) The commissioner shall not renew a license for a boarding care bed in a resident room with more than four beds.

Sec. 7. [144.671] [CANCER SURVEILLANCE SYSTEM; PURPOSE.]

The commissioner of health shall establish a statewide population-based cancer surveillance system. The purpose of this system is to:

(1) monitor incidence trends of cancer to detect potential public health problems, predict risks, and assist in investigating cancer clusters;

(2) more accurately target intervention resources for communities and patients and their families;

(3) inform health professionals and citizens about risks, early detection, and treatment of cancers known to be elevated in their communities; and

(4) promote high quality research to provide better information for cancer control and to address public concerns and questions about cancer.

Sec. 8. [144.672] [DUTIES OF COMMISSIONER; RULES.]

Subdivision 1. [RULE AUTHORITY.] The commissioner of health shall collect cancer incidence information, analyze the information, and conduct special studies designed to determine the potential public health significance of an increase in cancer incidence.

The commissioner shall adopt rules to administer the system, collect information, and distribute data. The rules must include, but not be limited to, the following:

(1) the type of data to be reported;

(2) standards for reporting specific types of data;

(3) payments allowed to hospitals, pathologists, and registry systems to defray their costs in providing information to the system;

(4) criteria relating to contracts made with outside entities to conduct studies using data collected by the system. The criteria may include requirements for a written protocol outlining the purpose and public benefit of the study, the description, methods, and projected results of the study, peer review by other scientists, the methods and facilities to protect the privacy of the data, and the qualifications of the researcher proposing to undertake the study;

(5) specification of fees to be charged under section 13.03, subdivision 3, for all out-of-pocket expenses for data summaries or specific analyses of data requested by public and private agencies, organizations, and individuals, and which are not otherwise included in the commissioner's annual summary reports. Fees collected are appropriated to the commissioner to offset the cost of providing the data; and

(6) establishment of a committee to assist the commissioner in the review of system activities.

Subd. 2. [BIANNUAL REPORT REQUIRED.] The commissioner of health shall prepare and transmit to the governor and to members of the legislature a biannual report on the incidence of cancer in Minnesota and a compilation of summaries and reports from special studies and investigations performed to determine the potential public health significance of an increase in cancer incidence, together with any findings and recommendations. The first report shall be delivered by February 1989, with subsequent reports due in February of each of the following odd-numbered years.

Sec. 9. Minnesota Statutes 1986, section 144.68, is amended to read:

144.68 [RECORDS AND REPORTS REQUIRED.]

Subdivision 1. [PERSON PRACTICING HEALING ARTS.] Every person licensed to practice the healing arts in any form, upon request of the state commissioner of health, shall prepare and forward to the commissioner, in the manner and at such times as the commissioner designates, a detailed record of each case of malignant disease cancer treated or seen by the person professionally.

Subd. 2. [HOSPITALS AND SIMILAR INSTITUTIONS.] Every hospital, sanatorium, nursing home medical clinic, medical laboratory, or other institution for the hospitalization, clinical or laboratory diagnosis, or care of human beings, upon request of the state commissioner of health, shall prepare and forward to the commissioner, in the manner and at the times designated by the commissioner, a detailed record of each case of malignant disease having been therein cancer.

Subd. 3. [INFORMATION REPORTING WITHOUT LIABILITY.]  
The furnishing of the information required under subdivisions 1 and 2 shall not subject the person, hospital, sanatorium, nursing home, medical clinic, medical laboratory, or other place institution furnishing the information, to any action for damages or other relief.

Sec. 10. Minnesota Statutes 1986, section 144.69, is amended to read:

144.69 [INFORMATION NOT AVAILABLE TO THE PUBLIC CLASSIFICATION OF DATA ON INDIVIDUALS.]

No such report, or part thereof, nor any copy of the same or part thereof, shall be open to the public, nor shall any of the contents thereof be disclosed, in any manner, by any official or clerk or other employee or person having access thereto, but all such information Notwithstanding any law to the contrary, including section 13.05, subdivision 9, data collected on individuals by the cancer surveillance system, including the names and personal identifiers of persons required in section 144.68 to report, shall be confidential private and may only be used for the purposes set forth in sections 144.66 to 7 and 8 and 144.68 and 144.69. And any such disclosure other than is provided for in sections 144.66 to 7 and 8 and 144.68 and 144.69, is hereby declared to be a misdemeanor and punishable as such. No Except as provided by rule, and as part of an epidemiologic investigation, an officer or employee of the board shall commissioner of health may interview any patient patients named in any such report, nor a relative or relatives of any such patient, unless only after the consent of the attending physician and or surgeon is first obtained.

Sec. 11. Minnesota Statutes 1986, section 144A.05, is amended to read:

144A.05 [LICENSE RENEWAL.]

Unless the license expires in accordance with section 144A.06 or is suspended or revoked in accordance with section 144A.11, a nursing home license shall remain effective for a period of one year from the date of its issuance. The commissioner of health by rule shall establish forms and procedures for the processing of license renewals. The commissioner of health shall approve a license renewal application if the facility continues to satisfy the requirements, standards and conditions prescribed by sections 144A.01 to 144A.17 and the rules promulgated thereunder. The commissioner shall not approve the renewal of a license for a nursing home bed in a resident room with more than four beds. Except as provided in section 144A.08, a facility shall not be required to submit with each application for a license renewal additional copies of the architectural and engineering plans and specifications of the facility. Before approving a license renewal, the commissioner of health shall

determine that the facility's most recent balance sheet and its most recent statement of revenues and expenses, as audited by the state auditor, by a certified public accountant licensed by this state or by a public accountant as defined in section 412.222, have been received by the department of human services.

Sec. 12. Minnesota Statutes 1986, 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;

(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:

(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;

(4) the new facility is constructed on the same site as the destroyed facility or to another site subject to the restrictions in section 13, subdivision 5; and

(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever



is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

(i) to license or certify beds in a facility that has been involuntarily delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;

(j) to license or certify beds in a project approved by the interagency board for quality assurance under section 13;

(k) to license or certify nursing home beds in a hospital facility that are relocated from a different hospital facility provided:

(1) the hospital in which the nursing home beds were originally located ceases to function as an acute care facility; or

(2) necessary support services for nursing homes as required for licensure under sections 144A.02 to 144A.10, such as dietary, physical plant, housekeeping, physical therapy, occupational therapy, and administration, are no longer available from the original hospital site; and

(3) the hospitals share common ownership or affiliation; and

(4) the nursing home beds are not certified for participation in the medical assistance program; or

(l) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings or from a hospital-attached nursing home to the hospital building or from a separate nursing home under common ownership with or control of a hospital to the hospital when a hospital-attached nursing home is moved simultaneously to that hospital if the facility will make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation and will delicense the same number of acute care beds within the existing complex of hospital buildings or building or within the hospital receiving the nursing home beds. Movement of these nursing home beds is subject to the limitations of section 13, subdivision 5. When a nonhospital-attached nursing home and a hospital-attached nursing home under common ownership or control are combined into one hospital building, a combined cost report must be submitted for the cost reporting years ending on or after September 30, 1987, and shall be subject to the nonhospital-attached nursing home rate limitations.

Sec. 13. [144A.073] [REVIEW OF PROPOSALS REQUIRING EXCEPTIONS TO THE MORATORIUM.]

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

(a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.

(b) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or \$200,000, whichever is less.

(c) "Replacement" means the demolition and reconstruction of all or part of an existing facility.

(d) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed, in a certified boarding care facility that is attached to a nursing home.

Subd. 2. [REQUEST FOR PROPOSALS.] By July 1, 1988, and subsequent years, the interagency board shall publish in the State Register a request for proposals for nursing home projects requiring exceptions to the nursing home moratorium. The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency board by September 30. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. To be considered for approval, a proposal must include the following information:

(1) whether the request is for renovation, replacement, upgrading, or conversion;

(2) a description of the problem the project is designed to address;

(3) a description of the proposed project;

(4) an analysis of projected costs, including initial construction and remodeling costs, site preparation costs, financing costs, and estimated operating costs during the first two years after completion of the project;

(5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;

(6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement; and

(7) the proposed timetable for commencing construction and completing the project.

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency board for quality assurance may grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency board shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the board. The commissioners of human services and health shall provide staff and technical assistance to the board for the review and analysis of proposals. The interagency board shall hold a public hearing before making a final decision on project approvals. The board shall approve or disapprove proposals before December 1 based on a comparison and ranking of proposals using the criteria in subdivision 4. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires seven months after approval unless the facility has commenced construction as defined in section 144A.071, subdivision 3, paragraph (b). The board shall report to the legislature annually by January 1. The report must include the projects approved, the criteria used to select proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Subd. 4. [CRITERIA FOR REVIEW.] (a) The following criteria must be used to compare and rank all proposals submitted:

(1) the extent to which the average occupancy rate of the facility supports the need for the proposed project;

(2) the extent to which the average occupancy rate of all facilities in the county in which the applicant is located, together with all contiguous Minnesota counties, supports the need for the proposed project;

(3) the extent to which the proposal furthers state long-term care goals, including the goal of enhancing the availability and use of alternative care services and the goal of reducing the number of long-term care resident rooms with more than two beds;

(4) the cost effectiveness of the proposal, including the proposal's long-term effects on the costs of the medical assistance program, as determined by the commissioner of human services; and

(5) the feasibility and appropriateness of the proposal, as determined by the commissioner of health.

(b) In addition to the criteria in paragraph (a), the following criteria must be used to evaluate, compare, and rank proposals involving renovation or replacement:

(1) the extent to which the project improves conditions that affect the health or safety of residents, such as narrow corridors, narrow door frames, unenclosed fire exits, and wood frame construction;

(2) the extent to which the project improves conditions that affect the quality of life of residents in a facility or the ability of the facility to provide efficient care, such as a relatively high number of residents in a room; inadequate lighting or ventilation; poor access to bathing or toilet facilities; a lack of available ancillary space for dining rooms, day rooms, or rooms used for other activities; problems relating to heating, cooling, or energy efficiency; inefficient location of nursing stations; or narrow corridors.

Subd 5. [REPLACEMENT RESTRICTIONS.] Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision. Facilities located in a metropolitan statistical area may relocate to a site within the same census tract or a contiguous census tract. In the seven-county metropolitan area, the health planning areas as adopted in March 1982 by the metropolitan council shall be used. Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township. A replacement facility must not be relocated to a site more than six miles from the existing site.

Subd. 6. [CONVERSION RESTRICTIONS.] Proposals submitted or approved under this section involving conversion must satisfy the following conditions:

(a) Conversion is limited to a total of five beds.

(b) An equivalent number of hospital beds must be delicensed.

(c) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(d) The cost of remodeling the hospital rooms to meet current nursing home construction standards must not exceed ten percent of the appraised value of the nursing home or \$200,000, whichever is less.

(e) The conversion must not result in an increase in operating costs.

Subd. 7. [UPGRADING RESTRICTIONS.] Proposals submitted or approved under this section involving upgrading must satisfy the following conditions:

(a) No proposal for upgrading may be approved after June 30, 1989.

(b) No more than one proposal for upgrading may be approved for a facility.

(c) Upgrading is limited to a total of ten beds.

(d) The facility must meet minimum nursing home care standards.

(e) Upgrading must not result in an increase in per diem operating costs.

(f) If beds are upgraded to nursing home beds, the number of boarding care beds in a facility must not increase in the future.

(g) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(h) The cost of remodeling the facility to meet current nursing home construction standards must not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less.

Subd. 8. [RULEMAKING.] The interagency board shall adopt rules to implement this section.

Sec. 14. Minnesota Statutes 1986, section 144A.27, is amended to read:

**144A.27 [ACTING ADMINISTRATORS.]**

If a licensed nursing home administrator is removed from the position by death or other unexpected cause, the controlling persons of the nursing home suffering the removal may designate an acting nursing home administrator who may serve without a license for no more than 90 days, unless an extension is granted by the board of examiners shall secure an acting administrators license within 30 days of appointment as the acting administrator.

Sec. 15. Minnesota Statutes 1986, section 144A.33, subdivision 3, is amended to read:

Subd. 3. [FUNDING OF ADVISORY COUNCIL EDUCATION.] A license application or renewal fee for nursing homes and boarding care homes under section 144.53 or 144A.07 must be increased by ~~\$1.75~~ \$2.25 per bed to fund the development and education of resident and family advisory councils.

All money credited to the nursing home advisory council fund under subdivision 4 is appropriated annually to the Minnesota board on aging for the purposes of this section.

Sec. 16. Minnesota Statutes 1986, 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 the person's 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~~ \$200 fee before the person's drivers license is reinstated to be credited as follows:

(1) ~~50~~ 25 percent shall be credited to the trunk highway fund;

(2) ~~25~~ 50 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. 17. [245.775] [EQUALIZATION AID.]

Subdivision 1. [TERMS DEFINED.] As used in subdivisions 1 to 6, the terms defined in this section have the meanings given them.

(a) [RECIPIENT RATE.] "Recipient rate" means the number of individual income maintenance program recipients per 10,000 peo-

ple in a county during the calendar year ending immediately before the fiscal year for which equalization aid is paid.

(b) [PER CAPITA INCOME.] “Per capita income” means the estimate of income per person in a county most recently published by the United States Bureau of the Census on October 1 of the fiscal year for which equalization aid is paid.

(c) [PER CAPITA TAXABLE VALUE.] “Per capita taxable value” means the adjusted assessed value of taxable property within a county reported by the department of revenue for the calendar year ending immediately before the fiscal year, divided by the population of the county. The adjusted assessed value of taxable property in counties receiving taconite production tax revenue shall be increased by an amount equal to the taconite regular production tax revenue divided by the county’s mill rate.

(d) [COUNTY INCOME MAINTENANCE EXPENDITURES.] “County income maintenance expenditures” means the income maintenance program expenditures, including administrative costs, of a county for income maintenance programs, minus federal, state, and other revenue received for income maintenance programs during the calendar year ending immediately before the fiscal year for which equalization aid is paid.

(e) [PER CAPITA COUNTY INCOME MAINTENANCE EXPENDITURES.] “Per capita county income maintenance expenditures” means county income maintenance expenditures divided by the population of the county.

(f) [INCOME MAINTENANCE PROGRAMS.] “Income maintenance programs” include, for equalization aid purposes, aid to families with dependent children, general assistance, general assistance medical care, work readiness, and medical assistance.

(g) [POPULATION.] “Population” means the estimate of population in a county most recently issued by the state demographer’s office on October 1 of the fiscal year for which equalization aid is paid.

Subd. 2. [COUNTY ELIGIBILITY.] The commissioner of human services shall establish a county’s eligibility for equalization aid using the following formula:

(a) A statewide standard deviation from the mean shall be calculated for each of the following factors: recipient rate, per capita income, per capita taxable value, and per capita income maintenance expenditures.

(b) A standard score shall be calculated for each factor; the standard score is the factor minus the state mean for that factor divided by the statewide standard deviation from the mean for that factor.

(c) The standard score for per capita income and per capita taxable value shall be multiplied by negative one.

(d) The county's average score of the standard scores of the four factors shall be computed.

Every county with an average score equal to one or higher shall be eligible for equalization aid.

Subd. 3. [AMOUNT OF EQUALIZATION AID.] The commissioner shall establish a distress indicator for each county eligible for equalization aid by multiplying the county's average standard score by its population. Equalization aid shall be allocated to all eligible counties in proportion to each eligible county's distress indicator.

Subd. 4. [PHASE-IN.] Notwithstanding the provisions of subdivisions 2 and 3, the commissioner of human services shall make minimum equalization aid payments to counties during fiscal years 1988 and 1989 as follows:

(a) A base amount equal to the average amount of equalization aid received for fiscal years 1981 to 1986 shall be calculated for every county.

(b) If the appropriation for equalization aid during fiscal year 1988 or 1989 is less than the average of all equalization aid appropriations for fiscal years 1981 to 1986, the base amount for each county shall be reduced by that proportion for that fiscal year.

(c) In fiscal year 1988, each county shall receive 100 percent of its base amount within the limit of available appropriations. In fiscal year 1989, each county shall receive 90 percent of its base amount within the limit of available appropriations.

Subd. 5. [LIMIT.] No county shall receive equalization aid for any fiscal year amounting to more than 75 percent of county income maintenance expenditures.

Subd. 6. [PAYMENT.] The commissioner of human services shall make preliminary payments for equalization aid for a fiscal year by December 15th of the fiscal year. The commissioner shall adjust each county's equalization aid in accordance with the allocation formula established in subdivision 3 and make final payments by June 30 of the fiscal year.



Sec. 18. Minnesota Statutes 1986, section 246.50, subdivision 3, is amended to read:

Subd. 3. [REGIONAL TREATMENT CENTER.] "State hospital" "Regional treatment center" means a state facility for treating persons with mental illness, mental retardation, or chemical dependency now existing or hereafter established.

Sec. 19. Minnesota Statutes 1986, section 246.50, is amended by adding a subdivision to read:

Subd. 3a. [STATE NURSING HOME.] "State nursing home" means Ah-Gwah-Ching and Oak Terrace facilities.

Sec. 20. Minnesota Statutes 1986, section 246.50, subdivision 4a, is amended to read:

Subd. 4a. [RESIDENT.] "Resident" means any mentally retarded person receiving care or treatment at a state hospital regional treatment center, whether the person entered such hospital voluntarily or under commitment, and any person residing at or receiving care in a state nursing home.

Sec. 21. Minnesota Statutes 1986, section 246.50, subdivision 5, is amended to read:

Subd. 5. [COST OF CARE.] "Cost of care" means the commissioner's determination of the anticipated average per capita cost of all maintenance, treatment and expense, including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements to state hospitals facilities, and indirect costs related to the operation other than that paid from the Minnesota state building fund, at all of the state hospitals facilities during the current year for which billing is being made. The commissioner shall determine the anticipated average per capita cost. The commissioner may establish one all inclusive rate or separate rates for each patient or resident disability group, and may establish separate charges for each hospital facility. "Cost of care" for outpatient or day-care patients or residents shall be on a cost for service basis under a schedule the commissioner shall establish.

For purposes of this subdivision "resident patient" means a person who occupies a bed while housed in a hospital state facility for observation, care, diagnosis, or treatment.

For purposes of this subdivision "outpatient" or "day-care" patient or resident means a person who makes use of diagnostic, therapeutic, counseling, or other service in a state hospital facility or through state hospital personnel but does not occupy a hospital bed overnight.

For the purposes of collecting from the federal government for the care of those patients eligible for medical care under the Social Security Act "cost of care" shall be determined as set forth in the rules and regulations of the Department of Health and Human Services or its successor agency.

Sec. 22. Minnesota Statutes 1986, section 246.50, subdivision 7, is amended to read:

Subd. 7. [PATIENT'S OR RESIDENT'S COUNTY.] "Patient's or resident's county" means the county of the patient's or resident's legal settlement for poor relief purposes at the time of commitment or voluntary admission to a state hospital facility, or if the patient or resident has no such legal settlement in this state, it means the county of commitment, except that where a patient or resident with no such legal settlement is committed while serving a sentence at a penal institution, it means the county from which the patient or resident was sentenced.

Sec. 23. Minnesota Statutes 1986, section 246.51, is amended to read:

246.51 [PAYMENT FOR CARE AND TREATMENT; DETERMINATION.]

Subdivision 1. [PROCEDURES.] The commissioner shall make investigation as necessary to determine, and as circumstances require redetermine, what part of the cost of care, if any, the patient or resident is able to pay. If the patient or resident is unable to pay the full cost of care the commissioner shall make a determination as to the ability of the relatives to pay. The patient or resident, and relatives or both shall provide the commissioner documents and proofs necessary to determine their ability to pay. Failure to provide the commissioner with sufficient information to determine ability to pay may make the patient, resident, or relatives, both, liable for the full cost of care until the time when sufficient information is provided. No parent shall be liable for the cost of care given a patient at a regional treatment center after the patient has reached the age of 18 years. The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care unless appealed from as provided in section 246.55. All money received, except for chemical dependency receipts, shall be paid to the state treasurer and placed in the general fund of the state and a separate account kept of it. Responsibility under this section shall not apply to those relatives having gross earnings of less than \$11,000 per year.

Subd. 2. [RULES.] The commissioner shall adopt, pursuant to the administrative procedure act, rules establishing uniform standards for determination of patient liability and relative, guardian or conservator responsibility for care provided at state hospitals facilities. These rules shall have the force and effect of law.

Sec. 24. Minnesota Statutes 1986, section 246.511, is amended to read:

246.511 [RELATIVE RESPONSIBILITY.]

In no case, shall a patient's or resident's relatives, pursuant to the commissioner's authority under section 246.51, be ordered to pay more than ten percent of the cost of care, unless they reside outside the state. Parents of children in state hospitals facilities shall have their responsibility to pay determined according to section 252.27, subdivision 2. The commissioner may accept voluntary payments in excess of ten percent. The commissioner may require full payment of the full per capita cost of care in state hospitals facilities for patients or residents whose parent, parents, spouse, guardian, or conservator do not reside in Minnesota.

Sec. 25. [246.531] [SUBROGATION OF INSURANCE SETTLEMENTS.]

Subdivision 1. [SUBROGATION TO PATIENT'S RIGHTS.] The department of human services shall be subrogated, to the extent of the cost of care for services given, to the rights a patient or resident who receives treatment or care at a state facility may have under private health care coverage. The right of subrogation does not attach to benefits paid or provided under private health care coverage before the carrier issuing the health care coverage receives written notice of the exercise of subrogation rights.

Subd. 2. [CIVIL ACTION.] To recover under this section, the department of human services, with counsel of the attorney general, may institute or join in a civil action against the carrier issuing the private health care coverage.

Sec. 26. Minnesota Statutes 1986, section 251.011, subdivision 6, is amended to read:

Subd. 6. [RULES.] The commissioner of human services may promulgate rules for the operation of, and for the admission of residents in, and to establish charges for care in the state nursing homes at Ah-Gwah-Ching and Oak Terrace. Charges for care in the state nursing homes shall be established under sections 246.50 to 246.55. For the purposes of collecting from the federal government for the care of those residents in the state nursing homes eligible for medical care under the Social Security Act, "cost of care" shall be determined as set forth in the rules and regulations of the department of health and human services or its successor agency.

Sec. 27. Minnesota Statutes 1986, section 252.275, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM.] The commissioner of human services shall establish a statewide program to assist counties in reducing the utilization of intermediate care services in state hospitals and in community residential facilities, including nursing homes, for persons with mental retardation or related conditions. The commissioner shall make grants to county boards to establish, operate, or contract for the provision of semi-independent living services licensed by the commissioner pursuant to sections 245.781 to 245.812 and 252.28.

Sec. 28. Minnesota Statutes 1986, section 252.275, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; CRITERIA.] To apply for a grant, a county board shall submit an application and budget for use of grant money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets or portions thereof are approved by the commissioner.

Sec. 29. Minnesota Statutes 1986, section 252.275, subdivision 4, is amended to read:

Subd. 4. [FORMULA.] From the appropriations made available for this program, the commissioner shall allocate grants under this section to finance up to 95 percent, but not less than 80 percent, of each county's cost approved budget for semi-independent living services for mentally retarded persons with mental retardation or related conditions. The commissioner shall not approve budgeted costs for services for any person which exceed the state share of the average medical assistance costs for services provided by intermediate care facilities for a person with mental retardation or a related condition for the same fiscal year. Nothing in this subdivision prevents a county from using other funds to pay for additional costs of semi-independent living services.

As of July 1, 1987, the commissioner shall allocate funds and reimburse county costs for persons approved for funding. The commissioner shall proportionally allocate funds to counties based on the approved budgeted costs for persons approved for funding. The commissioner shall adjust county grants based on actual approved expenditures and shall reallocate funds to the extent necessary. The commissioner may set aside up to two percent of the appropriations to fund county demonstration projects that improve the efficiency and effectiveness of semi-independent living services.

Sec. 30. Minnesota Statutes 1986, section 252.275, subdivision 7, is amended to read:

Subd. 7. [REPORTS.] The commissioner shall require collection of data and periodic reports necessary to demonstrate the effectiveness of semi-independent living services in helping persons with mental

retardation or related conditions achieve self-sufficiency and independence. The commissioner shall report to the legislature no later than January 15, 1984, on the effectiveness of the program, its effect on reducing the number of persons with mental retardation or related conditions in state hospitals and in intermediate care facilities, and the commissioner's recommendations regarding making this program an integral part of the social services programs administered by the counties.

Sec. 31. Minnesota Statutes 1986, section 256.01, subdivision 4, is amended to read:

Subd. 4. [DUTIES AS STATE AGENCY.] The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

(2) may subpoena witnesses and administer oaths, make rules, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(3) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules to maintain such standards;

(4) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

(5) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for aid to dependent children and in conformity with the provisions of Laws 1937, chapter 438, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports; and

(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving aid to dependent children moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state moved from until the child shall have resided for one year in the state moved to; and

(7) on or before October 1 in each even-numbered year make a biennial report to the governor concerning the activities of the agency;

(8) prepare a plan and submit it to the full productivity and opportunity coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a biennial statewide employment and training plan design, develop, and administer an intake, referral, and inventory system that provides localized, single-point intake with a direct access to a statewide data base to match client needs with employment opportunities and public and private services. The system must include information on all available public and private programs for employment and training services and income maintenance and support services as defined in section 268.0111. The state agency shall cooperate with the department of jobs and training, counties and other local service units, service providers, and clients in the development and operation of the system. The system is not subject to sections 16B.40 to 16B.45; and

(9) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government.

Sec. 32. Minnesota Statutes 1986, section 256.045, subdivision 3, is amended to read:

Subd. 3. [STATE AGENCY HEARINGS.] (a) In counties in which the commissioner of human services has not appointed a local welfare referee, any person applying for, receiving or having received any of the forms of public assistance described in subdivision 2 whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid, or any patient or relative aggrieved by an order of the commissioner under section 252.27, may contest that action or decision before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action or decision, or within 90 days of such written notice if the applicant, recipient, patient or relative shows good cause why the request was not submitted within the 30-day time limit.

(b) All prepaid health plans under contract to the commissioner pursuant to chapter 256B or 256D must provide for a complaint system according to section 62D.11. For persons enrolled in prepaid health plans under chapter 256B or 256D, costs paid or incurred in filing and resolving a complaint are the responsibility of the prepaid health plan. The prepaid health plan shall issue a written resolution within 30 days of filing with the prepaid health plan.

(c) A local agency or party aggrieved by a ruling of a local welfare referee, or a party aggrieved by a ruling of a prepaid health plan,

may appeal the ruling to the state agency by filing a notice of appeal with the state agency within 30 days after receiving the ruling of the local welfare referee. A state welfare referee shall conduct a hearing on the matter and shall recommend an order to the commissioner of human services. In appeals from rulings of local welfare referees, the hearing may be limited, upon stipulation of the parties, to a review of the record of the local welfare referee. The commissioner need not grant a hearing if the sole issue raised by an appellant is the commissioner's authority to require mandatory enrollment in a prepaid health plan in a county where prepaid health plans are under contract with the commissioner.

(d) In a notice of appeal from a ruling of a prepaid health plan, a recipient may request an expedited hearing. The commissioner shall appoint a welfare referee to investigate and determine whether an expedited appeal is warranted. In making such a determination, the referee shall evaluate whether the medical condition of the recipient, if not immediately diagnosed and treated, could cause physical or mental disability, substantial deterioration of physical or mental health, continuation of severe pain, or death. The referee may order a second medical opinion from the prepaid health plan or order a second medical opinion from a non-prepaid health plan provider at prepaid health plan expense. If the referee determines that an expedited appeal is warranted, the referee shall hear the appeal and render a decision within a time commensurate with the level of urgency involved, based on the individual circumstances of the case. In urgent or emergency situations in which a prepaid health plan provider has prescribed treatment, and the prepaid health plan has denied authorization for that treatment, the referee may order the health plan to authorize such treatment pending the outcome of the appeal if an expedited hearing would not prevent disability, deterioration, severe pain, or death.

Sec. 33. Minnesota Statutes 1986, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the

standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall disregard the following from family income:

(1) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance;

(3) the first \$75 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) an amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded;

(5) thirty dollars plus one-third of the remainder of each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has:

(a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) refused without good cause to accept an offer of suitable employment; or



(c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or

(d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment.

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clauses (5)(a) to (5)(d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under clause (d), the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit; and

(7) insurance settlements to pay medical bills, to compensate a member of an assistance unit for partial or permanent loss of function or a body part, or to repair or replace insured property.

The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days of the last day of the month of collection of such periodic support payments and shall be disregarded in determining the amount of assistance.

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms shall have the meanings given them:

(a) "Eligible persons" means pregnant women and children one year old or younger who have gross family incomes that are equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D and who are not otherwise insured for the covered services. Eligibility for pregnant women shall continue for 60 days post-partum to allow for follow-up visits.

(b) "Covered services" means prenatal care services and well baby care services.

(c) "Prenatal care services" means the outpatient services provided to pregnant women which are medically necessary for the pregnancy. Physician or certified nurse-midwife services for delivery are included but inpatient hospital services are not included.

(d) "Well baby care services" means the preventive care and immunizations provided according to age-related standards established by the commissioner under rules governing the early periodic screening diagnosis and treatment program.

(e) "Eligible providers" means those health care providers who provide prenatal care services to medical assistance clients under rules established by the commissioner for that program. Reimbursement under this section shall be at the same rates and conditions established for medical assistance. A provider of prenatal care services shall assess whether the pregnant woman is at risk of delivering a low birth weight baby or has a health condition which may increase the probability of a problem birth."

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

Subd. 2. [FUND ADMINISTRATION.] The children's health fund is established to promote access to appropriate health care for pregnant women and to assure healthy babies and healthy children. The commissioner shall establish an office for the state administration of this fund. The fund shall be used to provide prenatal care and well baby care services for eligible persons. Payment for these services shall be made to all eligible providers. The commissioner shall establish marketing efforts to encourage potentially eligible persons to receive information about the program. A toll-free telephone number must be used to provide information about the fund and to promote access to the covered services. The commissioner must make a quarterly assessment of the expected expenditures for the covered services and the appropriation. Based on this assessment the commissioner may limit enrollments. If sufficient funds are not available to cover all costs incurred in one quarter, the

commissioner may seek an additional authorization for funding from the legislative advisory committee.

Subd. 3. [APPLICATION PROCEDURES.] Applications and other information must be available in provider offices, local human services agencies, community health offices, and Women, Infants and Children (WIC) program sites. These sites may accept applications, collect the enrollment fee, and forward the forms and fees to the commissioner. Otherwise, applicants may apply directly to the commissioner. The commissioner may use individuals' social security numbers as identifiers for purposes of administering the fund and conduct data matches to verify income. Applicants shall submit evidence of family income, earned and unearned, that will be used to verify income eligibility. Notwithstanding any other law to the contrary, benefits under this section are secondary to any plan of insurance or benefit program under which an eligible person may have coverage. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

Subd. 4. [ENROLLMENT FEE.] An enrollment fee of \$35 is required from eligible persons for prenatal care services and an enrollment fee of \$25 is required from eligible persons for well baby care services. The fees may be paid together at the time of enrollment or as two payment installments.

Sec. 35. Minnesota Statutes 1986, 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, or upon approval by the Federal Health Care Financing Agency, 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. 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 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. Effective July 1, 1988, the commissioner shall limit the annual increase in pass-through cost payments for depreciation, rents and leases, and interest expense to the annual growth in the consumer price index for all urban consumers (CPI-U). When computing budgeted pass-through cost payments, the commissioner shall use the annual increase in the CPI-U forecasted by Data Resources, Inc. consistent with the quarter of the hospital's fiscal year end. In final settlement of pass-through cost payments, the commissioner shall use the CPI-U for the month in which the hospital's fiscal year ends compared to the same month one year earlier.

Sec. 36. [256.974] [OFFICE OF OMBUDSMAN FOR OLDER MINNESOTANS; CREATION; LOCAL PROGRAMS.]

There is established within the board on aging the office of ombudsman for older Minnesotans. The office incorporates the long-term care ombudsman program required under the Older Americans Act, Public Law Number 98-459, section 307(a)(12) established within the Minnesota board on aging. The state ombudsman shall be in the classified service pursuant to section 256.01, subdivision 7. The Minnesota board on aging may make grants to local programs or area agencies on aging for the provision of ombudsman services to clients in county or multicounty areas. The individuals providing local ombudsman services must be qualified to perform the duties in section 38.

Sec. 37. [256.9741] [DEFINITIONS.]

Subdivision 1. "Long-term care facility" means a nursing home licensed under sections 144A.02 to 144A.10 or boarding care home licensed under sections 144.50 to 144.56.

Subd. 2. "Acute care facility" means a facility licensed as a hospital under sections 144.50 to 144.56.

Subd. 3. "Client" means an individual who requests, or on whose behalf a request is made for, ombudsman services and is (a) a resident of a long-term care facility or (b) a patient in an acute care facility who is eligible for Medicare and requests assistance relating to admission or discharge from an acute care facility.

Subd. 4. "Area agency on aging" means an agency responsible for coordinating a comprehensive aging services system within a planning and service area that has been designated an area agency on aging by the Minnesota board on aging.

Subd. 5. "Office" means the office of ombudsman established within the Minnesota board on aging or local ombudsman programs.

Sec. 38. [256.9742] [DUTIES AND POWERS OF THE OFFICE.]

Subdivision 1. [DUTIES.] The duties of the office shall be:

(1) to gather information and evaluate any act, practice, policy, procedure, or administrative action of a long-term care facility, acute care facility, or government agency that may adversely affect the health, safety, welfare, or rights of any client;

(2) mediate or advocate on behalf of clients;

(3) monitor the development and implementation of federal, state, or local laws, regulations, and policies affecting the rights and benefits of clients;

(4) comment on and recommend to the legislature and public and private agencies regarding laws, regulations, and policies affecting clients;

(5) inform public agencies about the problems of clients;

(6) provide for training of volunteers and promote the development of citizen participation in the work of the office;

(7) conduct public forums to obtain information about and publicize issues affecting clients;

(8) provide public education regarding the health, safety, welfare, and rights of clients; and

(9) collect and analyze data relating to complaints and conditions in long-term care facilities.

Subd. 2. [IMMUNITY FROM LIABILITY.] Any person designated as an ombudsman pursuant to this section is immune from civil liability that otherwise might result from his or her actions or omissions if the person's actions are in good faith, are within the scope of the person's responsibilities as an ombudsman, and do not constitute willful or reckless misconduct.

Subd. 3. [POSTING.] Every long-term care facility and acute care facility shall post in a conspicuous place the address and telephone number of the office. The posting shall be subject to approval by the office.

Subd. 4. [ACCESS TO LONG-TERM CARE AND ACUTE CARE FACILITIES AND CLIENTS.] The office may:

- (1) enter any long-term care facility without notice at any time;
- (2) enter any acute care facility without notice during normal business hours;
- (3) communicate privately and without restriction with any client in accordance with section 144.651; and
- (4) inspect records of a long-term care facility or acute care facility that pertain to the care of the client according to sections 144.335 and 144.651.

Subd. 5. [ACCESS TO STATE RECORDS.] The office shall have access to data of a state agency necessary for the discharge of the office's duties, including records classified confidential or private under chapter 13 or any other law. The data requested must relate to a specific case and must be treated according to section 13.03, subdivision 4.

Each state agency responsible for licensing, regulating, and enforcing state and federal laws and regulations concerning long-term care and acute care facilities shall forward to the office on a quarterly basis, copies of all correction orders, penalty assessments, and complaint investigation reports, for all long-term care facilities and acute care facilities.

Sec. 39. [256.9743] [REPORTING.]

At the request of the majority leader of the senate or the speaker of the house of representatives, the board on aging shall submit a report to the legislature. The report must include information on the duties of the office and may include recommendations for policy and program changes with appropriate supporting data. By February 1, 1989, the board on aging shall recommend methods for expanding

and funding local ombudsman programs to serve clients receiving in-home services or care in acute care facilities.

Sec. 40. [256.9744] [OFFICE RECORDS.]

Records and files of the office relating to a complaint or investigation made according to sections 36 to 41, and the identities of complainants, witnesses, or clients shall be maintained in accordance with the requirements of Public Law Number 98-459, section 307(a)(12)(D).

Sec. 41. [256.9745] [IN-HOME SERVICES ADVISORY TASK FORCE.]

The Minnesota board on aging shall appoint an advisory task force to make recommendations for expanding ombudsman services to recipients of in-home services. The task force shall include clients or representatives of clients, providers of in-home services, representatives of the Minnesota department of health, department of human services, counties, area agencies on aging, and members of the public at large. Compensation, terms, and removal of members shall be as provided in section 15.059. The Minnesota board on aging shall issue a report of the recommendations of the task force by February 1, 1989.

Sec. 42. Minnesota Statutes 1986, section 256.98, is amended to read:

256.98 [WRONGFULLY OBTAINING ASSISTANCE; THEFT.]

Subdivision 1. [WRONGFULLY OBTAINING ASSISTANCE.] A person who obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, assistance to which the person is not entitled or assistance greater than that to which the person is entitled, or who knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the local agency with intent to defeat the purposes of sections 256.12, 256.72 to 256.872 256.871, and chapter 256B, or all of these sections is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2) and (5).

Subd. 2. [JOINT TRIALS.] When two or more defendants are jointly charged with the same offense under subdivision 1, or are jointly charged with different offenses under subdivision 1 arising from the same course of conduct, they shall be tried jointly; however, if it appears to the court that a defendant or the state is substantially prejudiced by the joinder for trial, the court may order an

election or separate trial of counts, grant a severance of defendants, or provide other relief.

Subd. 3. [AMOUNT OF ASSISTANCE INCORRECTLY PAID.] The amount of the assistance incorrectly paid shall be under this section is the difference between the amount of assistance actually received on the basis of misrepresented or concealed facts 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 specific concealment or misrepresentation not occurred. Unless required by law, rule, or regulation, earned income disregards shall not be applied to earnings not reported by the recipient.

Subd. 4. [RECOVERY OF ASSISTANCE.] The amount of any assistance determined to have been incorrectly paid shall be is recoverable from the recipient or the recipient's estate by the county or the state as a debt due the county or the state or both in proportion to the contribution of each. Any amounts recovered shall be paid to the appropriate units of government in the same manner as provided in section 256.863.

Subd. 5. [CRIMINAL OR CIVIL ACTION.] To prosecute or to recover assistance wrongfully obtained under this section, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general, may institute a criminal or civil action or both.

Subd. 6. [RULE SUPERSEDED.] Rule 17.03, subdivision 2, of the Minnesota Rules of Criminal Procedures that relates to joint trials is superseded by this section to the extent that it conflicts with this section.

Subd. 7. [DIVISION OF RECOVERED AMOUNTS.] If the state is responsible for the recovery, the amounts recovered shall be paid to the appropriate units of government as provided under section 256.863. If the recovery is directly attributable to a county, the county may retain one-half of the nonfederal share of any recovery from a recipient or the recipient's estate. This subdivision does not apply to recoveries from medical providers or to recoveries involving the department of human services, surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division.

Sec. 43. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:



(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list is and the criteria and standards are not subject to the requirements of sections 14.01 to 14.70 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. A second medical opinion is required before reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before reimbursement and the criteria and standards for deciding whether an elective surgery should require a second surgical opinion. The list and the criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the

appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination

shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of this fee the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the

administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services. “Preventive services” include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act. For purposes of obtaining Medicare part B, expenditures may be made even if federal funding is not available;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. “Medical necessity” means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care ~~attendant~~ assistant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care ~~attendants~~ assistants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before medical assistance reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list and criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner shall publish in the State Register a list of health services that require prior authorization, as well as the criteria and standards used to select health services on the list. The list and the criteria and standards used to formulate it are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether prior authorization is required for a health service or a second medical opinion is required for an elective surgery is not subject to administrative appeal.

Sec. 44. Minnesota Statutes 1986, section 256B.02, is amended by adding a subdivision to read:

Subd. 12. [PREPAID HEALTH PLAN.] "Prepaid health plan" means a vendor who receives a capitation payment and assumes financial risk for the provision of medical assistance services under a contract with the commissioner.

Sec. 45. Minnesota Statutes 1986, section 256B.03, subdivision 1, is amended to read:

Subdivision 1. [GENERAL LIMIT.] All payments for medical assistance hereunder must be made to the vendor. The maximum payment for new vendors enrolled in the medical assistance program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

## Sec. 46. [256B.031] [PREPAID HEALTH PLANS.]

Subdivision 1. [CONTRACTS.] The commissioner may contract with health insurers licensed and operating under chapters 60A and 62A, nonprofit health service plans licensed and operating under chapter 62C, health maintenance organizations licensed and operating under chapter 62D, and vendors of medical care and organizations participating in prepaid programs under section 256D.03, subdivision 4, clause (b) to provide medical services to medical assistance recipients. Prepaid health plans must contract with public health agencies, nonprofit community health clinics, and community health agencies in their service areas provided the terms of participation for the clinics and agencies are competitive with the terms of other providers under contract to the prepaid plans. Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16B.19, subdivisions 5 and 6. Contracts must specify the services that are included in the per capita rate. Contracts must specify those services that are to be eligible for risk sharing between the prepaid health plan and the state. Contracts must also state that payment must be made within 30 days after the month of coverage.

Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program, provided the terms of participation in the program are competitive with the terms of other participants.

Subd. 2. [SERVICES.] State contracts for these services must assure recipients of at least the comprehensive health services defined in section 256B.02, subdivision 8, except services defined in section 256B.02, subdivision 8, paragraphs (2), (5), (16), and (17), and except services defined as chemical dependency services and mental health services.

Contracts under this section must include provision for assessing pregnant women to determine their risk of poor pregnancy outcome. Contracts must also include provision for treatment of women found to be at risk of poor pregnancy outcome.

Subd. 3. [INFORMATION REQUIRED.] Prepaid health plans under contract must provide information to the commissioner according to the contract specifications. The information must include, but not be limited to, the number of people receiving services, the number of encounters, the types of services received, evidence of an operating quality assurance program, and information about the use of and actual recoveries of available third-party resources.

Subd. 4. [PREPAID HEALTH PLAN RATES.] For payments made during calendar year 1988, the monthly maximum allowable rate established by the commissioner of human services for payment to prepaid health plans must not exceed 85 percent of the projected averaged monthly per capita fee-for-service medical assistance costs for state fiscal year 1988 for recipients of aid to families with dependent children. The base year for projecting the average monthly per capita fee-for-service medical assistance costs is state fiscal year 1986. A maximum allowable per capita rate must be established collectively for Anoka, Carver, Dakota, Hennepin, Ramsey, St. Louis, Scott, and Washington counties. A separate maximum allowable per capita rate must be established collectively for all other counties. The maximum allowable per capita rate may be adjusted to reflect utilization differences among eligible classes of recipients. For payments made during calendar year 1989, the maximum allowable rate must be calculated in the same way as 1988 rates, except the base year is state fiscal year 1987. For payments made during calendar year 1990 and later years, the commissioner shall contract with an independent actuary to establish prepayment rates. Rates established for prepaid health plans must be based on the services that the prepaid health plan provides under contract with the commissioner.

Subd. 5. [FREE CHOICE LIMITED.] In counties where there are two or more prepaid health plans under contract and where the prepaid health plans have providers in the local trade areas, the commissioner may require those who receive aid to families with dependent children to enroll in a prepaid health plan, except that those recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 31 months after entry to the United States are not required to enroll. Recipients required to enroll must receive services from or through the prepaid health plan.

Enrollment in a prepaid health plan is mandatory for recipients who become eligible on or after December 1, 1987. If the recipient does not choose a health plan within 20 days of being determined eligible for medical assistance or aid to families with dependent children, the commissioner shall randomly assign the recipient to a health plan. Those recipients who are eligible on November 30, 1987, must choose a prepaid health plan by December 20, 1987. If a recipient does not choose a prepaid health plan by December 20, 1987, the commissioner shall randomly assign the recipient to a health plan. Each recipient shall be enrolled in the health plan for a minimum period of six months following the effective date of enrollment, except that the recipient may change health plans once within the first 60 days after initial enrollment. The commissioner shall request a waiver from the federal Health Care Financing Administration to extend the minimum period to 12 months. Enrollment in a prepaid health plan is mandatory only when recipients have a choice of at least two prepaid health plans.

Women who are receiving medical assistance due to pregnancy and later become eligible for aid to families with dependent children are not required to choose a prepaid health plan until 60 days postpartum. An infant born as a result of that pregnancy must be enrolled in a prepaid health plan at the same time as the mother.

If third-party coverage is available to a recipient through enrollment in a prepaid health plan through employment, through coverage by the former spouse, or if a duty of support has been imposed by law, order, decree, or judgment of a court under section 518.551, the obligee or recipient shall participate in the prepaid health plan in which the obligee has enrolled provided that the commissioner has contracted with the plan.

Subd. 6. [OMBUDSMAN.] The commissioner shall designate an ombudsman to advocate for persons required to enroll in prepaid health plans under this section. The ombudsman shall advocate for recipients enrolled in prepaid health plans through complaint and appeal procedures and ensure that necessary medical services are provided either by the prepaid health plan directly or by referral to appropriate social services. At the time of enrollment in a prepaid health plan, the local agency shall inform recipients about the ombudsman program and their right to a resolution of a complaint by the prepaid health plan if they experience a problem with the plan or its providers.

Subd. 7. [PREPAYMENT COORDINATOR.] The local agency shall designate a prepayment coordinator to assist the state agency in implementing this section, sections 256B.69 and 256D.03, subdivision 4. Such assistance shall include educating recipients about available health care options; enrolling recipients pursuant to subdivision 5; providing necessary eligibility and enrollment information to health plans and the state agency; and coordinating complaints and appeals with the ombudsman established in subdivision 6.

Sec. 47. Minnesota Statutes 1986, section 256B.04, subdivision 14, is amended to read:

Subd. 14. [COMPETITIVE BIDDING.] The commissioner shall utilize volume purchase through competitive bidding under the provisions of chapter 16, to provide the following items:

- (1) eyeglasses;
- (2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;
- (3) hearing aids and supplies; and



- (4) durable medical equipment, including but not limited to:
- (a) hospital beds;
  - (b) commodes;
  - (c) glide-about chairs;
  - (d) patient lift apparatus;
  - (e) wheelchairs and accessories;
  - (f) oxygen administration equipment;
  - (g) respiratory therapy equipment;
  - (h) electronic diagnostic, therapeutic and life support systems; ~~and~~
- (5) wheelchair transportation services; and
- (6) drugs.

Sec. 48. Minnesota Statutes 1986, section 256B.04, subdivision 15, is amended to read:

Subd. 15. [UTILIZATION REVIEW.] (1) Establish on a statewide basis a new program to safeguard against unnecessary or inappropriate use of medical assistance services, against excess payments, against unnecessary or inappropriate hospital admissions or lengths of stay, and against underutilization of services in prepaid health plans, long-term care facilities or any health care delivery system subject to fixed rate reimbursement. In implementing the program, the state agency shall utilize both prepayment and postpayment review systems to determine if utilization is reasonable and necessary. The determination of whether services are reasonable and necessary shall be made by the commissioner in consultation with a professional services advisory group appointed by the commissioner. An aggrieved party may appeal the commissioner's determination pursuant to the contested case procedures of chapter 14.

(2) Contracts entered into for purposes of meeting the requirements of this subdivision shall not be subject to the set-aside provisions of chapter 16B.

(3) A recipient aggrieved by the commissioner's termination of services or denial of future services may appeal pursuant to section 256.045. A vendor aggrieved by the commissioner's determination that services provided were not reasonable or necessary may appeal pursuant to the contested case procedures of chapter 14. To appeal, the vendor shall notify the commissioner in writing within 30 days

of receiving the commissioner's notice. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the vendor believes is correct, the authority in statute or rule upon which the vendor 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.

Sec. 49. Minnesota Statutes 1986, 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, except for those persons eligible for Minnesota supplemental aid because the local agency waived excess assets under section 256D.37, subdivision 2; 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. For purposes of this section, a woman is considered pregnant for 60 days postpartum; 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) (8) if born and living with the woman. For purposes of this section, a woman is considered pregnant for 60 days postpartum; 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~~ assets, 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. However, in the case of families and children who meet the categorical eligibility requirements for aid to families with dependent children, the methodology for calculating assets shall be as specified in section 256.73, subdivision 2, and the methodology for calculating deductions from earnings for child care and work expenses shall be as specified in section 256.74, subdivision 1; or

(8) who is under 21 years of age and in need of medical care that neither the person nor the person's 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 rules of the state agency; and

(12) who alone, or together with the person's 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 a 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. The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The homestead must be reduced to an amount within limits or excluded on another basis if the person remains in the long-term care facility for a period longer than six months. 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 the property is not salable, the equity is \$6,000 or less and the income produced by the property is at least six percent of the equity, or the excess real

property is exempted for a period of nine months if there is a good faith effort to sell the property and a legally binding agreement is signed to repay the amount of assistance issued during that nine months; 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 section 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) household goods and furniture in use in the home, (c) wearing apparel, (d) personal property used as a regular abode by the applicant or recipient, (e) a lot in a burial plot for each member of the household, (f) personal jewelry acquired more than 24 months immediately prior to the period of medical assistance eligibility and personal jewelry acquired within 24 months immediately prior to the period of medical assistance eligibility and not purchased with assets of the applicant or recipient, (g) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income, (h) for a period of six months, insurance settlements to repair or replace damaged, destroyed, or stolen property, (i) one motor vehicle that is 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 that is used primarily for the person's benefit, and (j) other items which may be required by federal law or statute. To be excluded, the vehicle must have a market value of less than \$4,500; be necessary to obtain medically necessary health services; be necessary for employment; be modified for operation by or transportation of a handicapped person; or be necessary to perform essential daily tasks because of climate, terrain, distance, or similar factors. The equity value of other motor vehicles is counted against the cash or liquid asset limit; and

(14) who has or anticipates receiving an annual a semiannual 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 rules of the state

agency. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income 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, Public Law Number 99-272 and Public Law Number 99-509; and

(15) who has continuing monthly expenses for medical care that are more than the amount of the person's 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 or who is a pregnant woman who meets the requirements of clauses (1) to (8) except that her anticipated income is in excess of the income standards by family size used in the aid to families with dependent children program, but is equal to or less than 100 percent of the nonfarm income official poverty line as defined by the United States Office of Management and Budget. Eligibility for a pregnant woman with respect to this clause shall be without regard to the asset standards specified in clauses (12) and (13). For persons who reside in licensed nursing homes, regional treatment centers, or medical institutions, the income over and above that required in section 256B.35 for personal needs allowance is to be applied to the cost of institutional care. In addition, income may be retained by an institutionalized person (a) to support dependents in the amount that, together with the income of the spouse and child under age 18, would provide net income equal to the medical assistance standard for the family size of the dependents excluding the person residing in the facility; or (b) for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if the person was not living together with a spouse or child under age 21 at the time the person entered a long-term care facility, if the person has expenses of maintaining a residence in the community, and if a physician certifies that the person is expected to reside in the long-term care facility on a short-term basis. For purposes of this section, persons are determined to be residing in licensed nursing homes, regional treatment centers, or medical institutions if the persons are expected to remain for a period expected to last longer than three months. 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 the person or the person's spouse from automobile

accident coverage and private health care coverage to any third person liable for the costs of medical care for the person, the 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 medical support and third party payments. Persons must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for medical assistance, a person assigns to the department of human services all rights the person may have to medical support or payments for medical expenses from any other person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party payments. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment takes effect upon the determination that the applicant is eligible for medical assistance and up to three months prior to the date of application if the applicant is determined eligible for and receives medical assistance benefits. The application must contain a statement explaining this assignment. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt notification of the assignment by the person or organization providing the benefits; and

(17) eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 50. Minnesota Statutes 1986, section 256B.06, is amended by adding a subdivision to read:

Subd. 4. [CITIZENSHIP REQUIREMENTS.] Eligibility for medical assistance is limited to citizens of the United States and aliens lawfully admitted for permanent residence or otherwise permanently residing in the United States under the color of law. Payment shall also be made for care and services that are furnished to an alien who otherwise meets the eligibility requirements of this section if such care and services are necessary for the treatment of an emergency medical condition. For purposes of this subdivision, the term "emergency medical condition" means a medical condition, including labor and delivery, that if not immediately treated could cause a person physical or mental disability, continuation of severe pain, or death.

Sec. 51. Minnesota Statutes 1986, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. [GROUNDS FOR MONETARY RECOVERY AND SANCTIONS AGAINST VENDORS.] The commissioner may seek monetary recovery and impose sanctions against vendors of medical

care for any of the following: fraud, theft, or abuse in connection with the provision of medical care to recipients of public assistance; a pattern of presentment of false or duplicate claims or claims for services not medically necessary; a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the vendor is legally entitled; suspension or termination as a Medicare vendor; and refusal to grant the state agency access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients. ~~No sanction may be imposed or monetary recovery obtained against any vendor of nursing home or convalescent care for providing services not medically necessary when the services provided were ordered by a licensed health professional not an employee of the vendor.~~ The determination of services not medically necessary shall be made by the commissioner in consultation with a ~~provider peer advisory committee appointed by the commissioner on the recommendation of appropriate professional organizations.~~

Sec. 52. Minnesota Statutes 1986, section 256B.15, is amended to read:

If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the person ~~and the surviving spouse, if married survivor of a married couple, either or both of whom received medical assistance, and only when there is 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. A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly-owned property at any time during the marriage. 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 that purports to limit a county or state agency from filing an affidavit of successorship shall not apply to a claim made under this section. Counties may retain one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 53. Minnesota Statutes 1986, 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. 54. Minnesota Statutes 1986, section 256B.17, subdivision 5, is amended to read:

Subd. 5. [EXCLUDED RESOURCES.] Except for the limitations contained in subdivision 6, a resource which is transferred while otherwise excluded under sections section 256B.06 and 256B.07 shall not be considered an available resource for purposes of medical assistance eligibility. This exception shall not apply to applicants for or recipients of general assistance medical care benefits under chapter 256D.

Sec. 55. Minnesota Statutes 1986, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. [DIVISION OF COST.] The cost of medical assistance paid by each county of financial responsibility shall be borne as follows: Payments shall be made by the state to the county for that portion of medical assistance paid by the federal government and the state on or before the 20th day of each month for the succeeding month upon requisition from the county showing the amount required for the succeeding month. Ninety percent of the expense of assistance not paid by federal funds available for that purpose shall be paid by the state and ten percent shall be paid by the county of financial responsibility.

For counties that participate in a medicaid demonstration project under sections 256B.69 and 256B.71, the division of the nonfederal share of medical assistance expenses for payments made to prepaid health plans or for payments made to health maintenance organizations in the form of prepaid capitation payments, this division of medical assistance expenses shall be 95 percent by the state and five percent by the county of financial responsibility.

State contracts with health maintenance organizations shall assure medical assistance recipients of at least the comprehensive health maintenance services defined in section 62D.02, subdivision 7. The contracts shall require health maintenance organizations to provide information to the commissioner concerning the number of people receiving services, the number of encounters, the type of services received, evidence of an operational quality assurance



**program pursuant to section 62D.04 and information about utilization.**

In counties where prepaid health plans are under contract to the commissioner to provide services to medical assistance recipients, the cost of court ordered treatment ordered without consulting the prepaid health plan that does not include diagnostic evaluation, recommendation, or and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 56. Minnesota Statutes 1986, section 256B.35, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home or, intermediate care facility, or medical institution including recipients of supplemental security income, in this state shall not be less than \$40 per month from all sources.

Provided that this personal needs allowance may be paid as part of the Minnesota supplemental aid program, notwithstanding the provisions of section 256D.37, subdivision 2, and payments to the recipients from Minnesota supplemental aid funds may be made once each three months beginning in October, 1977 covering liabilities that accrued during the preceding three months.

Sec. 57. Minnesota Statutes 1986, section 256B.35, subdivision 2, is amended to read:

Subd. 2. Neither the skilled nursing home, the intermediate care facility, the medical institution, nor the department of human services shall withhold or deduct any amount of this allowance for any purpose contrary to this section.

Sec. 58. Minnesota Statutes 1986, section 256B.421, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of this section and sections 256B.41, 256B.411, 256B.431, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502, the following terms and phrases shall have the meaning given to them.

Sec. 59. Minnesota Statutes 1986, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing homes in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing homes that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing homes licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing homes referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each proprietary nursing home as an operating cost of that nursing home. For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing homes shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing home as an operating cost of that nursing home. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, and license fees paid as required by the Minnesota department of health, for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of the nursing home that meets the criteria for special dietary needs of its residents as described in section 144A.071, subdivision 3, clause (c), and the special dietary needs involve the preparation of Kosher foods as defined in section 31.651. The adjustment shall be the difference between the nursing home's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group. The adjustment shall be calculated based on allowable costs incurred during the reporting year ending in 1986, and shall be adjusted each rate year by the raw food component of the economic change index established pursuant to section 256B.431, 2b(e). An adjustment for dietary consulting shall be the difference between the nursing home's allowable historical dietary consulting cost per diem and 115 percent of the median historical allowable dietary consulting cost per diem of the corresponding geographic group. An adjustment for dietary supplies shall be the difference between the nursing home's allowable historical dietary supply cost per diem and 105 percent of the median historical allowable dietary supply cost per diem of the corresponding geographic group. The rate adjustment shall be reduced by the applicable phase-in percentage as provided under section 256B.431, subdivision 2(h).

Sec. 60. Minnesota Statutes 1986, section 256B.431, subdivision 2e, is amended to read:

Subd. 2e. [NEGOTIATED RATES CONTRACTS FOR SERVICES FOR VENTILATOR DEPENDENT PERSONS.] Until procedures for determining operating cost payment rates according to mix of resident needs are established, the commissioner may negotiate, with a nursing home that is eligible to receive medical assistance payments, a payment rate of up to 125 percent of the allowed payment rate to be paid for a period of up to three months for individuals who have been hospitalized for more than 100 days, or who have extensive care needs based on nursing hours actually provided or mental or physical disability, or who need respite care for a specified and limited time period. In addition, the commissioner shall take into consideration facilities which historically provided nursing hours at or near the maximum limits which were subsequently reduced as a consequence of payment rate reductions. The payment rate shall be based on an assessment of the nursing home's resident mix as determined by the commissioner of health. When circumstances dictate, the commissioner has authority to renegotiate payment rates for an additional period of time. The payment rate negotiated and The commissioner may contract with a nursing home eligible to receive medical assistance payments to provide services to a ventilator dependent person identified by the commissioner according to criteria developed by the commissioner, including:

(1) nursing home care has been recommended for the person by a preadmission screening team;

(2) the person has been assessed at case mix classification K;

(3) the person has been hospitalized for at least six months and no longer requires inpatient acute care hospital services; and

(4) the commissioner has determined that necessary services for the person cannot be provided under existing nursing home rates.

The commissioner may issue a request for proposals to provide services to a ventilator dependent person to nursing homes eligible to receive medical assistance payments and shall select nursing homes from among respondents according to criteria developed by the commissioner, including:

(i) the cost effectiveness and appropriateness of services;

(ii) the nursing home's compliance with federal and state licensing and certification standards; and

(iii) the proximity of the nursing home to a ventilator dependent person identified by the commissioner who requires nursing home placement.

The commissioner may negotiate an adjustment to the operating cost payment rate for a nursing home selected by the commissioner from among respondents to the request for proposals. The negotiated adjustment must reflect only the actual additional cost of meeting the specialized care needs of a ventilator dependent person identified by the commissioner for whom necessary services cannot be provided under existing nursing home rates and which are not otherwise covered under Minnesota Rules, parts 9549.0010 to 9549.0080 or 9505.0170 to 9505.0475. The negotiated adjustment shall not affect the payment rate charged to private paying residents under the provisions of section 256B.48, subdivision 1. The negotiated adjustment paid pursuant to this paragraph is specifically exempt from the definition of "rule" and the rulemaking procedures required by chapter 14 and section 256B.502.

Sec. 61. Minnesota Statutes 1986, section 256B.431, subdivision 3a, is amended to read:

Subd. 3a. [PROPERTY-RELATED COSTS AFTER JULY 1, 1985.]

(a) For rate years beginning on or after July 1, 1985, the commissioner, by permanent rule, shall reimburse nursing home providers that are vendors in the medical assistance program for the rental use of real estate and depreciable equipment. "Real estate" means land improvements, buildings, and attached fixtures used directly for resident care. "Depreciable equipment" means the standard moveable resident care equipment and support service equipment generally used in long-term care facilities.

(b) In developing the method for determining payment rates for the rental use of nursing homes, the commissioner shall consider factors designed to:

- (1) simplify the administrative procedures for determining payment rates for property-related costs;
- (2) minimize discretionary or appealable decisions;
- (3) eliminate any incentives to sell nursing homes;
- (4) recognize legitimate costs of preserving and replacing property;
- (5) recognize the existing costs of outstanding indebtedness allowable under the statutes and rules in effect on May 1, 1983;
- (6) address the current value of, if used directly for patient care, land improvements, buildings, attached fixtures, and equipment;
- (7) establish an investment per bed limitation;
- (8) reward efficient management of capital assets;
- (9) provide equitable treatment of facilities;
- (10) consider a variable rate; and
- (11) phase-in implementation of the rental reimbursement method.

(c) No later than January 1, 1984, the commissioner shall report to the legislature on any further action necessary or desirable in order to implement the purposes and provisions of this subdivision.

(d) For rate years beginning on or after July 1, 1987, a nursing home which has reduced licensed bed capacity after January 1, 1986, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed prior to the reduction; and

(2) establish capacity days for each rate year following the licensure reduction based on the number of beds licensed on the previous April 1 if the commissioner is notified of the change by April 4. The notification must include a copy of the delicensure request that has been submitted to the commissioner of health.

(e) Until the rental reimbursement method is fully phased-in, a nursing home whose final property related payment rate is the rental rate shall continue to have its property related payment rates established based on the rental reimbursement method.

Sec. 62. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3b. [DEPRECIATION RECAPTURE.] The sale of a nursing home which occurred on or after July 1, 1987, shall result in depreciation recapture payments to be paid by the buyer to the commissioner within 60 days of the department's notification if the sale price exceeds the nursing home's allowable historical cost of capital assets including land recognized by the commissioner at the time of the sale, reduced by accumulated depreciation. The gross recapture amount shall be the lesser of the actual gain on the sale or actual depreciation recognized for the purpose of calculating medical assistance payment rates from the latter of the date of previous sale on November 1, 1972, through the date of the sale. The gross recapture amount shall be allocated to each reporting year from the latter of the date of previous sale on November 1, 1972, through the date of the sale in the same ratio as depreciation amounts recognized for the purpose of calculating medical assistance payment rates. The amount allocated to each reporting year shall be divided by the total actual resident days in that reporting year, thereby determining a cost-per-resident day. The recapture amount shall be the cost-per-resident day for each reporting year times the actual medical assistance resident days for the corresponding rate year following each reporting year. No payment of depreciation recapture shall be assessed with respect to a portion of a rate year beginning after June 30, 1985, in which the property-related payment rate was based on the nursing home's rental value. The recapture amount shall be reduced by one percent for each month of continuous ownership since the previous date of sale of the nursing home up to a maximum of 100 months. For the purpose of this subdivision, the sale of a nursing home means the sale or transfer of a nursing home's capital assets or capital stock or the redemption of ownership interests by members of a partnership. In the case of a sale or transfer of a nursing home in which the new operator leases depreciable equipment used in the nursing home business from the prior operator, or an affiliate of the prior operator, the net present value of the lease shall be added to the transaction price for the purpose of determining the actual gain on the sale. In the case of a partial sale of a nursing home, the provisions of this subdivision will be applied proportionately to sales or accumulations of sales that exceed 20 percent of a nursing home's capital assets or capital stock. Depreciation recapture payments resulting from the sale of a nursing home which occurred before July 1, 1985, shall be calculated in accordance with reimbursement regulations in effect on the date of the sale.

Sec. 63. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3c. [PLANT AND MAINTENANCE COSTS.] For the rate years beginning on or after July 1, 1987, the commissioner shall allow as an expense in the reporting year of occurrence the lesser of the actual allowable plant and maintenance costs for supplies, minor equipment, equipment repairs, building repairs, purchased services and service contracts, except for arms-length service contracts whose primary purpose is supervision, or \$325 per licensed bed.

Sec. 64. Minnesota Statutes 1986, section 256B.431, subdivision 4, is amended to read:

Subd. 4. [SPECIAL RATES.] (a) For the rate years beginning July 1, 1983, and July 1, 1984, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983 and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2a, to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2f, the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are established, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

(b) For the rate years beginning on or after July 1, 1985, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property related costs, operating costs, and real estate taxes and special assessments calculated under rules promulgated by the commissioner.

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690, and has less



than five percent of its licensed boarding care capacity reimbursed by the medical assistance program. Until a permanent rule to establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

(1) The desk audited payment rate in effect on June 30, 1983, remains in effect until the end of the facility's fiscal year. The commissioner shall not allow any amendments to the cost report on which this desk audited payment rate is based.

(2) For each fiscal year beginning between July 1, 1983, and June 30, 1985, the facility's payment rate shall be established by increasing the desk audited operating cost payment rate determined in clause (1) at an annual rate of five percent.

(3) For fiscal years beginning on or after July 1, 1985, the facility's payment rate shall be established by increasing the facility's payment rate in the facility's prior fiscal year by the increase indicated by the consumer price index for Minneapolis and St. Paul.

(4) For the purpose of establishing payment rates under this paragraph, the facility's rate and reporting years coincide with the facility's fiscal year.

A facility that meets the criteria of this paragraph shall submit annual cost reports on forms prescribed by the commissioner.

For the rate year beginning July 1, 1985, each nursing home total payment rate must be effective two calendar months from the first day of the month after the commissioner issues the rate notice to the nursing home. From July 1, 1985, until the total payment rate becomes effective, the commissioner shall make payments to each nursing home at a temporary rate that is the prior rate year's operating cost payment rate increased by 2.6 percent plus the prior rate year's property-related payment rate and the prior rate year's real estate taxes and special assessments payment rate. The commissioner shall retroactively adjust the property-related payment rate and the real estate taxes and special assessments payment rate to July 1, 1985, but must not retroactively adjust the operating cost payment rate.

(d) For the purposes of Minnesota Rules, part 9549.0060, subpart 13, item F, the following types of transactions shall not be considered a sale or reorganization of a provider entity:

(1) the sale or transfer of a nursing home upon death of an owner;

(2) the sale or transfer of a nursing home due to serious illness or disability of an owner as defined under the social security act; or

(3) the sale or transfer of the nursing home upon retirement of an owner at 62 years of age or older;

(4) any transaction in which a partner, owner, or shareholder acquires an interest or share of another partner, owner, or shareholder in a nursing home business provided the acquiring partner, owner, or shareholder has less than 50 percent ownership after the acquisition;

(5) a sale and leaseback to the same licensee which does not constitute a change in facility license;

(6) a transfer of an interest to a trust;

(7) gifts or other transfers for no consideration;

(8) a merger of two or more related organizations;

(9) a transfer of interest in a facility held in receivership;

(10) a change in the legal form of doing business other than a publicly held organization which becomes privately held or vice versa;

(11) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing home or the issuance of stock; and

(12) an involuntary transfer including foreclosure, bankruptcy, or assignment for the benefit of creditors.

Any increase in allowable debt or allowable interest expense or other cost incurred as a result of the foregoing transactions shall be a nonallowable cost for purposes of reimbursement under Minnesota Rules, parts 9549.0010 to 9549.0080.

Sec. 65. Minnesota Statutes 1986, section 256B.433, is amended to read:

256B.433 [ANCILLARY SERVICES.]

**Subdivision 1. [SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES.]** The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in long-term care facilities nursing homes. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080 or to a nursing home pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. Payment for the same or similar service to a recipient

shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner and an advisory committee that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the services and shall require prior authorization for therapy services as a condition of payment or shall impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program.

Subd. 2. [CERTIFICATION THAT TREATMENT IS APPROPRIATE.] The physical therapist, occupational therapist, speech therapist, or audiologist who provides or supervises the provision of therapy services, other than an initial evaluation, to a medical assistance recipient must certify in writing that the therapy's nature, scope, duration, and intensity are appropriate to the medical condition of the recipient every 30 days. The therapist's statement of certification must be maintained in the recipient's medical record together with the specific orders by the physician and the treatment plan. If the recipient's medical record does not include these documents, the commissioner may recover or disallow the payment for such services. The commissioner shall utilize a peer review program that meets the requirements of section 256B.064, subdivision 1a, to make recommendations regarding the medical necessity of services provided.

Subd. 3. [SEPARATE BILLINGS FOR THERAPY SERVICES.] Payment for therapy services provided to nursing home residents that are billed separate from nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, shall be subject to the following requirements:

(a) The practitioner invoice must include, in a format specified by the commissioner, the provider number of the nursing home where the medical assistance recipient resides regardless of the service setting.

(b) Nursing homes that are related by ownership, control, agreement, affiliation, or employment status to the vendor of therapy services shall report, in a format specified by the commissioner, the revenues received during the reporting year for therapy services provided to residents of the nursing home. The commissioner shall offset the revenues received during the reporting year for therapy

services provided to residents of the nursing home to the total payment rate of the nursing home by dividing the amount of offset by the nursing home's actual resident days. Except as specified in paragraphs (d) and (f), the amount of offset shall be the revenue in excess of 105 percent of the cost removed from the cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. In establishing a new base period for the purpose of setting operating cost payment rate limits and rates, the commissioner shall not include the revenues offset in accordance with this section.

(c) Nursing homes shall limit charges in total to vendors of therapy services for renting space, equipment, or obtaining other services during the rate year to 105 percent of the annualized cost removed from the reporting year cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. If the arrangement for therapy services is changed so that a nursing home is subject to this paragraph instead of paragraph (b), the cost that is used to determine rent must be adjusted to exclude the annualized costs for therapy services that are not provided in the rate year. The maximum charges to the vendors shall be based on the commissioner's determination of annualized cost and may be subsequently adjusted upon resolution of appeals.

(d) The commissioner shall require reporting of all revenues relating to the provision of therapy services and shall establish a therapy cost, as determined by section 256B.47, to revenue ratio for the reporting year ending in 1986. For subsequent reporting years, the ratio may increase five percentage points in total until a new base year is established under paragraph (e). Increases in excess of five percentage points may be allowed if adequate justification is provided to and accepted by the commissioner. Unless an exception is allowed by the commissioner, the amount of offset in paragraph (b) is the greater of the amount determined in paragraph (b) or the amount of offset that is imputed based on one minus the lesser of (1) the actual reporting year ratio or (2) the base reporting year ratio increased by five percentage points, multiplied by the revenues.

(e) The commissioner may establish a new reporting year base for determining the cost to revenue ratio.

(f) If the arrangement for therapy services is changed so that a nursing home is subject to the provisions of paragraph (b) instead of paragraph (c), an average cost to revenue ratio based on the ratios of nursing homes that are subject to the provisions of paragraph (b) shall be imputed for paragraph (d).

(g) This section does not allow unrelated nursing homes to reorganize related organization therapy services and provide services among themselves to avoid offsetting revenues. Nursing homes

that are found to be in violation of this provision shall be subject to the penalty requirements of section 256B.48, subdivision 1, paragraph (f).

Sec. 66. Minnesota Statutes 1986, section 256B.47, subdivision 1, is amended to read:

Subdivision 1. [NONALLOWABLE COSTS.] The following costs shall not be recognized as allowable: (1) political contributions; (2) salaries or expenses of a lobbyist, as defined in section 10A.01, subdivision 11, for lobbying activities; (3) advertising designed to encourage potential residents to select a particular nursing home; (4) assessments levied by the commissioner of health for uncorrected violations; (5) legal and related expenses for unsuccessful challenges to decisions by governmental agencies; (6) memberships in sports, health or similar social clubs or organizations; and (7) costs incurred for activities directly related to influencing employees with respect to unionization; and (8) direct and indirect costs of providing services which are billed separately from the nursing home's payment rate or pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. The commissioner shall by rule exclude the costs of any other items not directly related to the provision of resident care.

Sec. 67. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 3. [ALLOCATION OF COSTS.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing residents of nursing homes that are not hospital attached with therapy services that are billed separately from the nursing home payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report as follows:

(a) The costs of wages and salaries for employees providing or participating in providing and consultants providing services shall be allocated to the therapy service based on direct identification.

(b) The costs of fringe benefits and payroll taxes relating to the costs in paragraph (a) must be allocated to the therapy service based on direct identification or the ratio of total costs in paragraph (a) to the sum of total allowable salaries and the costs in paragraph (a).

(c) The costs of housekeeping, plant operations and maintenance, real estate taxes, special assessments, property and insurance, other than the amounts classified as a fringe benefit, must be allocated to the therapy service based on the ratio of service area square footage to total facility square footage.

(d) The costs of bookkeeping and medical records must be allocated to the therapy service either by the method in paragraph (e) or based on direct identification. Direct identification may be used if adequate documentation is provided to, and accepted by, the commissioner.

(e) The costs of administrators, bookkeeping, and medical records salaries, except as provided in paragraph (d), must be allocated to the therapy service based on the ratio of the total costs in paragraphs (a) to (d) to the sum of total allowable nursing home costs and the costs in paragraphs (a) to (d).

Sec. 68. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 4. [ALLOCATION OF COSTS; HOSPITAL-ATTACHED FACILITIES.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing therapy services to residents of a hospital-attached nursing home, when the services are billed separately from the nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report based on the Medicare step-down as prepared in accordance with instructions provided by the commissioner.

Sec. 69. Minnesota Statutes 1986, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing home is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing home may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be offered to all residents and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing home in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing home. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they

were included in the payment rate for the previous reporting year. A nursing home that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing home that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing home may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the home, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of \$100, loan any money to the nursing home, or promise to leave all or part of the applicant's estate to the home;

(c) Requiring any resident of the nursing home to utilize a vendor of health care services who is a licensed physician or pharmacist chosen by the nursing home;

(d) Providing differential treatment on the basis of status with regard to public assistance;

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing home, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing home care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately.

The collection and use by a nursing home of financial information of any applicant pursuant to the preadmission screening program established by section 256B.091 shall not raise an inference that the

nursing home is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing home except as payment for renting or leasing space or equipment of the nursing home or purchasing support services, if those from the nursing home as limited by section 256B.433. All agreements are must be disclosed to the commissioner; and upon request of the commissioner. Nursing homes and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement home with more than 325 beds including at least 150 licensed nursing home beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the home so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the home to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the home to permit the applicant to withdraw from the home at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing home or boarding care home which is in violation of this section if extreme



hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing home to correct the violation. The nursing home shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing home by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation, and shall remain in effect until the violation is corrected. The nursing home or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing home is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing home to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing home.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 70. Minnesota Statutes 1986, section 256B.48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] All nursing homes certified as skilled nursing facilities under the medical assistance program shall participate in medicare part A and part B unless, after submitting an application, medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for medicare-covered services provided to residents who are simultaneously eligible for medical assistance and medicare must be billed to medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by medicare.

Until September 30, 1987, the commissioner of health may grant exceptions from this requirement when a nursing home submits a written request for exception and it is determined that there is sufficient participation in the medicare program to meet the needs of medicare beneficiaries in that region of the state. For the purposes of this section, the relevant region is the county in which the nursing home is located together with contiguous Minnesota counties. There is sufficient participation in the medicare program in a particular region when the proportion of skilled resident days paid by the medicare program is at least equal to the national average based on the most recent figure that can be supplied by the federal health care financing administration. A nursing home that is granted an

exception under this subdivision must give appropriate notice to all applicants for admission that medicare coverage is not available in the nursing home and publish this fact in all literature and advertisement related to the nursing home. A nursing home with 110 to 150 beds which is located within one-half mile of a hospital-attached nursing home with 44 licensed beds which were medicare certified on January 1, 1980, is exempted from this requirement and need not participate in the medicare program as required under this subdivision.

Sec. 71. Minnesota Statutes 1986, section 256B.50, subdivision 2, is amended to read:

Subd. 2. [APPRAISED VALUE; APPEALS BOARD.] (a) Appeals concerning the appraised value of a nursing home's real estate must be heard by a three-person appeal board appointed by the commissioner. The real estate as defined in section 256B.431, subdivision 3, must be appraised using the depreciated replacement cost method.

(b) Members of the appeals board shall be appointed by the commissioner from the list of appraisers approved for state contracts by the commissioner of administration. In making the selection, the commissioner of human services shall ensure that each member is experienced in the use of the depreciated replacement cost method and is free of any personal, political, or economic conflict of interest that may impair the member's ability to function in a fair and objective manner.

(c) The appeals board shall appoint one of its members to act as chief representative and shall examine witnesses when it is necessary to make a complete record. Facts to be considered by the board are limited to those in existence at the time of the appraisal being appealed. The board shall issue a written report regarding each appeal to the commissioner within 30 days following the close of the record. The report must contain findings of fact, conclusions, and a recommended disposition based on a majority decision of the board. A copy of the report must be served upon all parties.

(d) The commissioner shall issue an order adopting, rejecting, or modifying the appeal board's recommendation within 30 days of receipt of the report. A copy of the decision must be served upon all parties.

(e) Within 30 days of receipt of the commissioner's order, the appealing party may appeal to the Minnesota court of appeals. The court's decision is limited to a determination of the appraised value of the real estate and must not include costs assessed against either party. (a) An appeal request concerning the appraised value of a nursing home's real estate as established by an appraisal conducted after July 1, 1986, shall state the appraised value the nursing home believes is correct for the building, land improvements, and attached

equipment and the name and address of the firm with whom contacts may be made regarding the appeal. The appeal request shall include a separate appraisal report prepared by an independent appraiser of real estate which supports the total appraised value claimed by the nursing home. The appraisal report shall be based on an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, must be in a form comparable to that used in the commissioner's appraisal, and must pertain to the same time period covered by the appealed appraisal. The appraisal report shall include information related to the training, experience, and qualifications of the appraiser who conducted and prepared the appraisal report for the nursing home.

(b) A nursing home which has filed an appeal request prior to the effective date of this law concerning the appraised value of its real estate as established by an appraisal conducted before July 1, 1986, must submit to the commissioner the information described under paragraph (a) within 60 days of the effective date of this act in order to preserve the appeal.

(c) An appeal request which has been filed pursuant to the provisions of paragraph (a) or (b) shall be finally resolved through an agreement entered into by and between the commissioner and the nursing home or by the determination of an independent appraiser based upon an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, in a form comparable to that used in the commissioner's appraisal, and pertaining to the same time period covered by the appealed appraisal. The appraiser shall be selected by the commissioner and the nursing home by alternately striking names from a list of appraisers approved for state contracts by the commissioner of administration. The appraiser shall make assurances to the satisfaction of the commissioner and the nursing home that the appraiser is experienced in the use of the depreciated cost method of appraisals and that the appraiser is free of any personal, political, or economic conflict of interest that may impair the ability to function in a fair and objective manner. The commissioner shall pay costs of the appraiser through a negotiated rate for services of the appraiser.

(d) The decision of the appraiser is final and is not appealable. Exclusive jurisdiction for appeals of the appraised value of nursing homes lies with the procedures set out in this subdivision. No court of law shall possess subject matter jurisdiction to hear appeals of appraised value determinations of nursing homes.

Sec. 72. Minnesota Statutes 1986, section 256B.69, subdivision 6, is amended to read:

Subd. 6. [SERVICE DELIVERY.] Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(a) Shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in section 256B.02, subdivision 8, in order to ensure appropriate health care is delivered to enrollees;

(b) Shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(c) May contract with other health care and social service practitioners to provide services to enrollees; and

(d) Shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

Demonstration providers must comply with the standards for claims settlement under section 72A.20, subdivision 12a, paragraphs (d), (e), (g), and (h) when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a claim within 30 business days of the date of acceptance of the claim.

Sec. 73. Minnesota Statutes 1986, section 256B.69, subdivision 11, is amended to read:

Subd. 11. [APPEALS.] A recipient may appeal to the commissioner a demonstration provider's delay or refusal to provide services. The commissioner shall appoint a panel of health practitioners, including social service practitioners, as necessary to determine the necessity of services provided or refused to a recipient. The deliberations and decisions of the panel replace the administrative review process otherwise available under this chapter 256. The panel shall follow the time requirements and other provisions of the Code of Federal Regulations, title 42, sections 431.200 to 431.246. The time requirements shall be expedited based on request by the individual who is appealing for emergency services. If a service is determined to be necessary and is included among the benefits for which a recipient is enrolled, the service must be provided by the demonstration provider as specified in subdivision 5. The panel's decision is a final agency action that may be appealed under the contested case provisions of chapter 14.

Sec. 74. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 12. [JUDICIAL REVIEW.] A party aggrieved by an order of the panel may appeal the order to the district court of the county responsible for furnishing assistance by serving a written copy of a

notice of appeal upon the commissioner and any adverse party of record within 30 days after the date the panel issued the order and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail. Service by mail is complete upon mailing. No filing fee shall be required by the court administrator in appeals taken under this subdivision. The commissioner may elect to become a party to the proceedings in the district court. Any party may demand that the commissioner furnish all parties to the proceedings with a copy of the decision, and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the panel, by serving a written demand on the commissioner within 30 days after service of the notice of appeal.

Sec. 75. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 13. [HEARING.] A party may obtain a hearing at a special term of the district court by serving a written notice of the time and place of the hearing at least ten days before the date of the hearing. The court may consider the matter in or out of chambers and shall take no new or additional evidence unless it determines that the evidence is necessary for a more equitable disposition of the appeal.

Sec. 76. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 14. [APPEAL.] A party aggrieved by the order of the district court may appeal the order as in other civil cases. No costs or disbursements shall be taxed against a party nor shall any filing fee or bond be required of a party.

Sec. 77. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 15. [PAYMENTS PENDING APPEAL.] If the panel or district court orders services paid or provided in any proceeding under this section, it must be paid or provided pending appeal to the district court, court of appeals, or supreme court.

Sec. 78. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 16. [PROJECT EXTENSION.] Minnesota Rules, parts 9550.1450; 9500.1451; 9500.1452; 9500.1453; 9500.1454; 9500.1455; 9500.1456; 9500.1457; 9500.1458; 9500.1459; 9500.1460; 9500.1461; 9500.1462; 9500.1463; and 9500.1464 are extended until December 31, 1990.

Sec. 79. Minnesota Statutes 1986, section 256C.26, is amended to read:

256C.26 [EMPLOYMENT SERVICES.]

The commissioner of jobs and training shall include in the biennial plan submitted to the full productivity and opportunity coordinator a method develop a plan to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.

Sec. 80. Minnesota Statutes 1986, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. [STANDARDS.] (1) A principal objective in providing general assistance is to provide for persons ineligible for federal programs who are unable to provide for themselves. To achieve these aims, the commissioner shall establish minimum standards of assistance for general assistance. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

For a recipient who is a member of a one-person assistance unit, the standard shall not be less than the combined total of the minimum standards of assistance for shelter and basic needs in effect on February 1, 1983. The standards of assistance shall not be lower for a recipient sharing a residence with another person unless that person is a responsible relative. The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition.

The standards shall be lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit if the responsible relative also receives general assistance or aid to families with dependent children. The standards must also be lowered for recipients who share a residence with a responsible relative if the relative is not receiving general assistance or aid to families with dependent children because the relative has been sanctioned or disqualified. If the responsible relative is receiving general assistance or aid to families with dependent children, or would be receiving them but for sanction or disqualification, then the standard applicable to the general assistance recipient's assistance unit must equal the amount that would be attributable to the members of the assistance unit if the members were included as additional recipients in the responsible relative's general assistance or aid to families with dependent children grant. When determining the amount attributable to members of an

assistance unit that must receive a reduced standard; the amount attributed to adults must be the amount attributed to another child added to the responsible relative's assistance unit. When an assistance unit is subject to a reduced standard, the reduced standard must not exceed the standard that applies to an assistance unit that does not share a residence with a responsible relative.

For recipients, except recipients who are eligible under section 256D.05, subdivision 1, paragraph (a), clauses (1), (7), (8), (9), and (14), who share a residence with a responsible relative who is not receiving general assistance or aid to families with dependent children but who receives other income, the standards shall be lowered, subject to these limitations:

(a) The general assistance grant to the one-person assistance unit shall be in an amount such that total household income is equal to the aid to families with dependent children standard for a household of like size and composition, except that the grant shall not exceed that paid to a general assistance recipient living independently.

(b) Benefits received by a responsible relative under the supplemental security income program, the social security retirement program if the relative was receiving benefits under the social security disability program at the time of becoming eligible for the social security retirement program or if the relative is a person described in section 256D.05, subdivision 1, paragraph (a), clause (1), (7), or (9), the social security disability program, a workers' compensation program, the Minnesota supplemental aid program, or on the basis of the relative's disability, must not be included in the household income calculation.

(2) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from his or her children and spouse and who does not live with his or her parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard shall also be increased by the same percentage.

(3) For an assistance unit consisting of an adult who is childless and unmarried or living apart from his or her children and spouse, but who lives with his or her parent or parents, the general assistance standard of assistance shall be equal to the amount that the aid to families with dependent children standard of assistance would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, provided that the standard shall not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program,

or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, shall not be counted in the determination of eligibility or benefit level for the assistance unit. An adult child shall be ineligible for general assistance if the available resources or the countable income of the adult child and the parent or parents with whom he or she lives are such that a family consisting of the adult child's parent or parents, the parent or parents' other family members and the adult child as the only or additional minor child would be financially ineligible for general assistance.

(4) For an assistance unit consisting of a married couple who are childless or who live apart from any child or children of whom either of the married couple is a parent or legal custodian, the standards of assistance shall be equal to the first and second adult standards of the aid to families with dependent children program. If one member of the couple is not included in the general assistance grant, then the standard of assistance for the other shall be equal to the second adult standard of the aid to families with dependent children program, except that, when one member of the couple is not included in the general assistance grant because he or she is not categorically eligible for general assistance under section 256D.05, subdivision 1, and has exhausted work readiness eligibility under section 256D.051, subdivision 4 or 5, for the period of time covered by the general assistance grant, then the standard of assistance for the remaining member of the couple shall be equal to the first adult standard of the aid to families with dependent children program.

(5) For an assistance unit consisting of all members of a family, the standards of assistance shall be the same as the standards of assistance applicable to a family under the aid to families with dependent children program if that family had the same number of parents and children as the assistance unit under general assistance and if all members of that family were eligible for the aid to families with dependent children program. If one or more members of the family are not included in the assistance unit for general assistance, the standards of assistance for the remaining members shall be equal to the standards of assistance applicable to an assistance unit composed of the entire family, less the standards of assistance applicable to a family of the same number of parents and children as those members of the family who are not in the assistance unit for general assistance. Notwithstanding the foregoing, if an assistance unit consists solely of the minor children because their parent or parents have been sanctioned from receiving benefits from the aid to families with dependent children program, the standard for the assistance unit shall be equal to the special child standard of the aid to families with dependent children program. A child shall not be excluded from the assistance unit unless income intended for its benefit is received from a federally aided categorical assistance program; supplemental security income; retirement, survivors, and



disability income; other assistance programs; or child support and maintenance payments. The income of a child who is excluded from the assistance unit shall not be counted in the determination of eligibility or benefit level for the assistance unit.

Sec. 81. Minnesota Statutes 1986, section 256D.02, subdivision 5, is amended to read:

Subd. 5. "Family" means two or more individuals who are related by blood, marriage or adoption, who are living in a place or residence maintained by one or more of them as a home, and at least one of whom is a child who is not married to another of such individuals and is in the care of or dependent upon another of such individuals the following persons who live together: a minor child or a group of minor children related to each other as siblings, half siblings, or stepsiblings, together with their natural or adoptive parents, their stepparents, or their legal custodians, and any other minor children of whom an adult member of the family is a legal custodian.

Sec. 82. Minnesota Statutes 1986, section 256D.02, subdivision 8, is amended to read:

Subd. 8. "Income" means any form of income, including remuneration for services performed as an employee and net earnings from self-employment, reduced by the amount attributable to employment expenses as defined by the commissioner. The amount attributable to employment expenses shall include amounts paid or withheld for federal and state personal income taxes and federal social security taxes.

"Income" includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is under a legal duty to support another a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a. Goods and services provided in lieu of cash payment shall be excluded from the definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a post-secondary institution, must be included as income.

Sec. 83. Minnesota Statutes 1986, 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. General assistance medical care may be paid for any person:

(1) who is eligible for assistance under section 256D.05 or 256D.051 and is not eligible for medical assistance under chapter 256B; or

(2) who is a resident of Minnesota; 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 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 must conform to the medical assistance program in chapter 256B.

Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 84. Minnesota Statutes 1986, section 256D.03, is amended by adding a subdivision to read:

Subd. 3a. [CLAIMS; ASSIGNMENT OF BENEFITS.] Claims must be filed pursuant to section 256D.16. General assistance medical care applicants and recipients must apply or agree to apply third party health and accident benefits to the costs of medical care. They must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for general assistance, a person assigns to the department of human services all rights to medical support or payments for medical expenses from another person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party payments. The application shall contain a statement explaining the assignment. Any rights or amounts assigned shall be applied against the cost of medical care paid for under this chapter. An assignment is effective on the date general assistance medical care eligibility takes effect. The assignment shall not affect benefits paid or provided under automobile accident coverage and private health care coverage until

the person or organization providing the benefits has received notice of the assignment.

Sec. 85. Minnesota Statutes 1986, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections 245.61 to 245.69, subdivision 1, and funded through chapter 256E and for prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section ~~256.966, subdivision 2~~ 46, subdivision 4.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to

remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to ~~June 30, 1987~~ March 31, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

(e) Chemical dependency services that are reimbursed under Laws 1986, chapter 394, sections 8 to 20, must not be reimbursed under general assistance medical care.

(f) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be

determined from the average usual and customary charge of the same vendor type enrolled in the base year.

Sec. 86. Minnesota Statutes 1986, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a permanent or temporary illness, injury, or incapacity which is medically certified and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the local agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person who is or may be eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(6) a person who is unable to secure suitable employment due to inability to communicate in the English language, provided that the person is not an illegal alien, and who, if assigned to a language skills program by the local agency, is participating in that program;

(7) a person not described in clause (1) or (3) who is diagnosed by a licensed physician or licensed consulting psychologist as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(8) a person who has an application pending for the social security disability program or the program of supplemental security income for the aged, blind, and disabled, or who has been terminated from either program and has an appeal from that termination pending;

(9) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(10) a person completing a secondary education program;

(11) a family with one or more minor children; provided that, if all the children are six years of age or older, all the adult members of the family register for and cooperate in the work readiness program under section 256D.051; and provided further that, if one or more of the children are under the age of six and if the family contains more than one adult member, all the adult members except one adult member register for and cooperate in the work readiness program under section 256D.051. The adult members required to register for and cooperate with the work readiness program are not eligible for financial assistance under section 256D.051, except as provided in section 256D.051, subdivision 6, and shall be included in the general assistance grant. If an adult member fails to cooperate with requirements of section 256D.051, the local agency shall not take that member's needs into account in making the grant determination. The time limits of section 256D.051, subdivisions 4 and 5, do not apply to people eligible under this clause;

(12) a person who has substantial barriers to employment, including but not limited to factors relating to work or training history, as determined by the local agency in accordance with permanent or emergency rules adopted by the commissioner after consultation with the commissioner of jobs and training;

(13) a person who is certified by the commissioner of jobs and training before August 1, 1985, as lacking work skills or training or as being unable to obtain work skills or training necessary to secure employment, as defined in a permanent or emergency rule adopted by the commissioner of jobs and training in consultation with the commissioner; or

(14) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be functionally illiterate or learning disabled; or

(15) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the local agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the local agency.

(b) The following persons or families with income and resources that are less than the standard of assistance established by the

commissioner are eligible for and entitled to a maximum of six months of general assistance during any consecutive 12-month period, after registering with and completing six months in a work readiness program under section 256D.051:

(1) a person who has borderline mental retardation; and

(2) a person who exhibits perceptible symptoms of mental illness as certified by a qualified professional but who is not eligible for general assistance under paragraph (a), because the mental illness interferes with the medical certification process; provided that the person cooperates with social services, treatment, or other plans developed by the local agency to address the illness.

In order to retain eligibility under this paragraph, a recipient must continue to cooperate with work and training requirements as determined by the local agency.

Sec. 87. Minnesota Statutes 1986, section 256D.05, is amended by adding a subdivision to read:

Subd. 5. [TRANSFERS OF PROPERTY.] The following provisions govern all transfers of resources relative to the general assistance program:

(a) [TRANSFERS FOR LESS THAN MARKET VALUE.] In determining the resources of an assistance unit, there shall be included any resource or an interest in a resource that was given away, sold, or disposed of for less than fair market value within 12 months preceding application for general assistance or during the period of eligibility.

(b) [PRESUMPTION OF PURPOSE.] Any transaction described in this subdivision shall be presumed to have been for the purpose of establishing eligibility for assistance under chapter 256D, unless the individual involved or other member of the assistance unit offers convincing evidence to show that the transaction was for another purpose only.

(c) [RESOURCE VALUE.] For purposes of this subdivision, the value of the resource shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received.

(d) [PERIOD OF INELIGIBILITY.] For any insufficiently compensated transfer, the period of ineligibility shall be calculated by dividing the resource value by the state standard of assistance for an assistance unit of the size involved. The assistance unit shall remain ineligible until either this fixed period of ineligibility or 12 calendar months has expired, whichever occurs first.

Sec. 88. Minnesota Statutes 1986, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION.] A person or, family, or married couple whose income and resources are less than the standard of assistance established by the commissioner, but who are not eligible to receive general assistance under section 256D.05, subdivision 1, are eligible for a work readiness program. Upon registration, a registrant is eligible to receive assistance in an amount equal to general assistance under section 256D.05, subdivision 1, for a maximum of six months during any consecutive 12-month period, subject to subdivisions subdivision 3, 4, and 5. The local agency shall pay work readiness assistance in monthly payments beginning at the time of registration.

Sec. 89. Minnesota Statutes 1986, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [LOCAL AGENCY OPTIONS ALLOCATION OF FUNDS FOR PAYMENT OF ADMINISTRATIVE COSTS AND REGISTRANT EXPENSES.] The local agency may, at its option, provide up to \$100 per registrant for direct expenses incurred by the registrant for transportation, clothes, and tools necessary for employment. The local agency may provide an additional \$100 for direct expenses of registrants remaining in the work readiness program for more than two months. After paying direct expenses as needed by individual registrants, the local agency may use any remaining money to provide additional services as needed by any registrant including education, orientation, placement, other work experience, on-the-job training, and other appropriate activities. Subject to the amount appropriated by the legislature, funds must be allocated annually among the counties for payment of administrative costs incurred by the provider of work readiness services and for payment of direct expenses incurred by work readiness registrants. Each county shall be eligible to receive that proportion of the funds available which equals the monthly average number of work readiness participants in the county divided by the monthly average number of work readiness participants in the state for the applicable period. The applicable period for each fiscal year shall be the 12-month period ending March 31 of the prior fiscal year. For purposes of this subdivision, the term participants means individuals receiving work readiness payments and services and general assistance recipients receiving work readiness services.

Sec. 90. Minnesota Statutes 1986, section 256D.051, is amended by adding a subdivision to read:

Subd. 6a. [COUNTY MATCH AND USE OF FUNDS.] Each county shall provide a 25 percent match of the annual state work readiness allocation and may contract with an employment and training service provider to use the funds to pay direct participation



expenses and administrative costs of providing work readiness services. No more than 25 percent of the allocation may be used for administrative costs except that any funds remaining after payment of direct participation expenses may be used for additional administrative costs. Funds may be used for the following direct participation expenses: transportation, clothes, tools, and other necessary work-related expenses. Funds may be used for administrative costs incurred providing the following services: employability assessments and employability development plans, employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities.

Sec. 91. Minnesota Statutes 1986, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual, married couple, or family, the total amount equals the applicable standard of assistance established by the ~~commissioner~~ for general assistance. In determining eligibility for and the amount of assistance the local agency shall disregard the first \$50 of earned income per month.

Sec. 92. Minnesota Statutes 1986, section 256D.06, subdivision 1b, is amended to read:

Subd. 1b. [EARNED INCOME SAVINGS ACCOUNT.] In addition to the \$50 disregard required under subdivision 1, the local agency shall disregard an additional earned income up to a maximum of \$150 per month for persons residing in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 and 9530.2500 to 9530.4000, and for whom discharge and work are part of a treatment plan. The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community. A maximum of \$1,000, including interest, of the money in the savings account must be excluded from the resource limits established by section 256D.08, subdivision 1, clause (1). Amounts in that account in excess of \$1,000 must be applied to the resident's cost of care. If excluded money is removed from the savings account by the eligible individual at any time before the individual is discharged from the facility into the community, the money is income to the individual in the month of receipt and a resource in subsequent months. If an eligible individual moves from a community facility to an inpatient hospital setting, the separate savings account is an excluded asset for up to 18 months. During that time, amounts that accumulate in excess of the \$1,000 savings limit must be applied to the patient's cost of care. If the patient continues to be hospitalized at the conclusion of the 18-month period, the entire account must be applied to the patient's cost of care.

Sec. 93. Minnesota Statutes 1986, section 256D.06, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, a grant of general assistance shall be made to an eligible individual, married couple, or family for an emergency need, as defined in rules promulgated by the commissioner, where the recipient requests temporary assistance not exceeding 30 days if an emergency situation appears to exist and the individual is ineligible for the program of emergency assistance under aid to families with dependent children and is not a recipient of aid to families with dependent children at the time of application hereunder. If a recipient relates facts to the local agency which may be sufficient to constitute an emergency situation, the local agency shall advise the recipient of the procedure for applying for assistance pursuant to this subdivision.

Sec. 94. Minnesota Statutes 1986, section 256D.08, subdivision 1, is amended to read:

Subdivision 1. In determining eligibility of a family, married couple, or individual there shall be excluded the following resources:

(1) Real or personal property or liquid assets which do not exceed those permitted under the federally aided assistance program known as aid to families with dependent children; and

(2) Other property which has been determined, in accordance with and subject to limitations contained in rules promulgated by the commissioner, to be essential to the family or individual as a means of self-support or self-care or which is producing income that is being used for the support of the individual or family. The commissioner shall further provide by rule the conditions for those situations in which property not excluded under this subdivision may be retained by the family or individual where there is a reasonable probability that in the foreseeable future the property will be used for the self-support of the individual or family; and

(3) Payments, made pursuant to litigation and subsequent appropriation by the United States Congress, of funds to compensate members of Indian tribes for the taking of tribal land by the federal government.

Sec. 95. Minnesota Statutes 1986, section 256D.101, is amended to read:

256D.101 [FAILURE TO COMPLY WITH WORK REQUIREMENTS; NOTICE.]

Subdivision 1. [DISQUALIFICATION.] If the local agency determines that a registrant has failed to comply with the requirements of section 256D.051, the local agency shall notify the registrant of the determination. The notification shall be in writing; and shall state the facts that support the local agency's determination. For the first two times in a six-month period that the registrant has failed without good cause to comply with program requirements, the notification shall specify the particular actions that must be taken by the registrant to achieve compliance; shall state that the recipient must take the specified actions by a date certain, which must be at least 15 ten days following the date the notification is mailed or delivered to the registrant; shall explain the ramifications of the registrant's failure to take the required actions by the specified date; and shall advise the registrant that the registrant may request and have a conference with the local agency to discuss the notification. A registrant who fails without good cause to comply with requirements of the program more than two times in a six-month period must be notified of termination.

Subd. 2. [NOTICE OF GRANT REDUCTION, SUSPENSION, OR TERMINATION.] ~~No~~ The notice of grant reduction, suspension, or termination on the ground that a registrant has failed to comply with section 256D.051 shall be given mailed or hand delivered by the local agency until the notification required by subdivision 1 has been given, the time for compliance stated in the notification has lapsed, and the local agency has, subsequent concurrently with the notification required by subdivision 1. Prior to giving the notification, assessed the local agency must assess the registrant's eligibility for general assistance under section 256D.05 to the extent possible using information contained in the case file, and determined determine that the registrant is not eligible under that section. The determination that the registrant is not eligible shall be stated in the notice of grant reduction, suspension, or termination.

Subd. 3. [BENEFITS AFTER NOTIFICATION.] Assistance payments otherwise due to the registrant under section 256D.051 shall not be paid after the notification required in subdivision 1 has been provided to the registrant unless, before the date stated in the notification, the registrant takes the specified action necessary to achieve compliance or, within five days after the effective date stated in the notice, files an appeal of the grant reduction, suspension, or termination. If, by the required date, the registrant does take the specified action necessary to achieve compliance, both the notification required by subdivision 1 and the notice required by subdivision 2 shall be canceled and all benefits due to the registrant shall be paid promptly. If, by the required date, the registrant files an appeal of the grant reduction, suspension, or termination, benefits otherwise due to the registrant shall be continued pending the outcome of the appeal.

Sec. 96. Minnesota Statutes 1986, section 256D.15, is amended to read:

## 256D.15 [RELATIVE'S RESPONSIBILITY.]

The financial responsibility of a relative for an applicant for or recipient of general assistance or work readiness shall not extend beyond the relationship of a spouse or a parent of an adult child who resides with the parent, or the parent of a minor child regardless of where the minor child resides, or a family member who resides with the applicant or recipient.

Sec. 97. Minnesota Statutes 1986, section 256D.22, is amended to read:

## 256D.22 [REIMBURSEMENT OF COUNTIES BY STATE RELATING TO PUBLIC ASSISTANCE.]

To the extent of appropriations available therefor, the department of human services shall reimburse counties Subdivision 1. [DISTRIBUTION FORMULA.] Beginning July 1, 1988, and to the extent of appropriations available, the commissioner of human services shall reimburse counties' administrative costs in the following manner:

(a) 50 percent of the available appropriation shall be distributed to counties as reimbursement for up to 50 percent of all salary expenses, approved by the commissioner, incurred and paid by the counties, for which no payment or reimbursement is made by the United States or any subdivision thereof, in administering, and salary administrative costs in providing services in connection with, all public assistance programs.

(b) 25 percent of the available appropriation shall be distributed to counties based on each county's proportionate share of the state's aid to families with dependent children and medical assistance caseloads; provided, however, that each county's share shall be reduced by a direct percentage equal to the sum of that county's percentage of overdue aid to families with dependent children eligibility reviews added to that county's percentage of overdue quarterly asset reviews for medical assistance eligibility, as calculated for the quarter immediately preceding each quarter in which this payment is made. Any money accruing as a result of these reductions shall be rolled over and distributed as provided for in this paragraph during the next quarterly payment.

(c) 25 percent of the available appropriation shall be distributed to counties based on each county's proportionate share of the state's total number of children served under the community social services act as calculated for the quarter immediately preceding each quarter in which this payment is made; provided, however, that a county's share shall be reduced by a direct percentage equal to the county's percentage increase in child out-of-home placement days above the number of child out-of-home placement days for the quarter immediately preceding the quarter in which this payment is calculated.

Any money accruing as a result of reductions in county shares shall be rolled over and distributed as provided in this paragraph during the next quarterly payment.

Subd. 2. [EXCEPTIONS.] No aid under this section shall be paid for salary costs of (a) single-county welfare directors; or (b) fiscal support personnel to the extent involved in the processing of public assistance claims and payments, or their supporting clerical staff; or (c) persons who are not regularly assigned employees of local agencies.

Subd. 3. [CLAIMS.] Claims for reimbursement for expenditures made by the county shall be presented to the department by the respective counties at least four times per year in such manner as the commissioner shall prescribe.

Subd. 4. [DEFINITIONS.] For the purposes of this section, (a) the term "salary" shall include regular compensation not in excess of that paid similarly situated state employees, the employer's cost of health benefits and contributions to the appropriate retirement system, but shall not include travel or other reimbursable expenses. ~~The commissioner shall, pursuant to the administrative procedure act, prior to making any payments, promulgate rules to implement this section;~~ (b) the term "child out-of-home placement days" includes those days when a child is a resident in a regular treatment center, residential treatment facility, juvenile group home, foster home, or temporary emergency shelter home; and (c) the term "child" means a person under 21 years of age.

Sec. 98. Minnesota Statutes 1986, section 256D.37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not

exceed \$800. The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until June 30, 1987 such time that an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:

(1) a facility that only provides services to persons with mental retardation; and

(2) as of January 1, 1987, a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and only provides care to persons aged 65 or older provided that no more than 16 percent of the persons in the facility are under age 65. Beginning July 1, 1987, these the facilities under subdivision 1, paragraph (b), clause (1) are subject to applicable supplemental aid limits, and mental retardation facilities must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate limit must be adjusted by the annual percentage change in the urban consumer price index (CPI-U) for Minneapolis-St. Paul as published by the Bureau of Labor Statistics between the previous two Octobers, new series index (1967-100) consumer price index (CPI-U, U.S. City Average) as published by the Bureau of Labor Statistics between the previous two Septembers, or 2.5 percent, whichever is lower; and increases to the rate for each individual facility may not exceed the change in the rate limit. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities shall be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual work expenses shall be deducted when determining the amount of income for the individual. From and after the first of the month in which an

effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 99. Minnesota Statutes 1986, section 257.35, is amended to read:

257.35 [CITATION.]

Sections 257.35 to 257.357 and sections 108 to 116 may be cited as the "Minnesota Indian family preservation act."

Sec. 100. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 3a. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Sec. 101. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 4a. [FAMILY-BASED SERVICES.] "Family-based services" means intensive family-centered services to families primarily in their own home and for a limited time.

Sec. 102. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 8a. [INDIAN ORGANIZATION.] "Indian organization" means an organization providing child welfare services that is legally incorporated as a nonprofit organization, is registered with the secretary of state, and is governed by a board of directors having at least a majority of Indian directors.

Sec. 103. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 11a. [PERMANENCY PLANNING.] "Permanency planning" means the systematic process of carrying out, within a short time, a set of goal-oriented activities designed to help children live in families that offer continuity of relationships with nurturing parents or caretakers, and the opportunity to establish lifetime relationships.

Sec. 104. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 11b. [PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES.] "Placement prevention and family

reunification services" means services designed to help children remain with their families or to reunite children with their parents.

Sec. 105. Minnesota Statutes 1986, section 257.351, subdivision 15, is amended to read:

Subd. 15. [TRIBAL COURT.] "Tribal court" means a court with federally recognized jurisdiction over child custody proceedings which is either a court of Indian offenses, or a court established and operated under the code or custom of an Indian tribe, or the administrative body of a tribe which is vested with authority over child custody proceedings. Except as provided in section 257.354, subdivision 5, nothing in this chapter shall be construed as conferring jurisdiction on an Indian tribe.

Sec. 106. Minnesota Statutes 1986, section 257.354, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF TRIBAL COURT PLACEMENT ORDERS.] To the extent that any child subject to sections 257.35 to 257.357 is otherwise eligible for social services, orders of a tribal court concerning placement of such child shall have the same force and effect as orders of a court of this state. In any case where the tribal court orders placement through a local social service agency, the court shall provide to the local agency notice and an opportunity to be heard regarding the placement. Determination of county of financial responsibility for the placement shall be determined by the local social service agency and shall be subject to review by the commissioner in accordance with sections 14.01 to 14.69 section 256E.08. Disputes concerning the county of financial responsibility shall be settled in the manner prescribed in section 256D.18, subdivision 4.

Sec. 107. Minnesota Statutes 1986, section 257.354, is amended by adding a subdivision to read:

Subd. 5. The commissioner is hereby authorized to enter into agreements with Indian tribes pursuant to United States Code, title 25, section 1919, respecting care and custody of Indian children and jurisdiction over child custody proceedings, including agreements which may provide for orderly transfer of jurisdiction on a case-by-case basis and agreements which provide for concurrent jurisdiction between the state and an Indian tribe.

Sec. 108. [257.3571] [INDIAN CHILD WELFARE GRANTS.]

Subdivision 1. [PRIMARY SUPPORT GRANTS.] The commissioner shall establish direct grants to Indian tribes and Indian organizations to provide primary support for Indian child welfare programs to implement the Indian family preservation act.



Subd. 2. [SPECIAL FOCUS GRANTS.] The commissioner shall establish direct grants to local social service agencies, tribes, Indian organizations, and other organizations for placement prevention and family reunification services for Indian children.

Subd. 3. [REQUEST FOR PROPOSALS.] The commissioner shall request proposals for primary support for Indian child welfare programs and special focus programs under subdivisions 1 and 2; and specify the information and criteria required.

Sec. 109. [257.3572] [GRANT APPLICATIONS.]

A tribe or Indian organization may apply for primary support grants under section 108, subdivision 1. A local social service agency, tribe, Indian organization, or other social service organization may apply for special focus grants under section 108, subdivision 2. Application may be made alone or in combination with other tribes or Indian organizations.

Sec. 110. [257.3573] [ELIGIBLE SERVICES.]

Subdivision 1. [TYPES OF SERVICES.] (a) Eligible Indian child welfare services provided under primary support grants include:

- (1) placement prevention and reunification services;
- (2) family-based services;
- (3) individual and family counseling;
- (4) access to professional individual, group, and family counseling;
- (5) crisis intervention and crisis counseling;
- (6) development of foster and adoptive placement resources, including recruitment, licensing, and support;
- (7) court advocacy;
- (8) training and consultation to county and private social service agencies regarding the Indian child welfare act and the Minnesota Indian family preservation act;
- (9) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services, including but not limited to 24-hour caretaker and homemaker services, day care, emergency shelter care up to 30 days in 12 months, access to emergency financial assistance, and arrangements to provide temporary respite care to a family for up to 72 hours consecutively or 30 days in 12 months.

(10) transportation services to the child and parents to prevent placement or reunite the family; and

(11) other activities and services approved by the commissioner that further the goals of the Indian child welfare act and the Indian family preservation act, including but not limited to recruitment of Indian staff for local social service agencies and licensed child placing agencies. The commissioner may specify the priority of an activity and service based on its success in furthering these goals.

(b) Eligible services provided under special focus grants include;

(1) permanency planning activities that meet the special needs of Indian families;

(2) teenage pregnancy;

(3) independent living skills;

(4) family and community involvement strategies to combat child abuse and chronic neglect of children;

(5) coordinated child welfare and mental health services to Indian families;

(6) innovative approaches to assist Indian youth to establish better self-image, decrease isolation, and decrease the suicide rate;

(7) expanding or improving services by packaging and disseminating information on successful approaches or by implementing models in Indian communities relating to the development or enhancement of social structures that increase family self-reliance and links with existing community resources;

(8) family retrieval services to help adopted individuals reestablish legal affiliation with the Indian tribe; and

(9) other activities and services approved by the commissioner that further the goals of the Indian child welfare act and the Indian family preservation act. The commissioner may specify the priority of an activity and service based on its success in furthering these goals.

(c) The commissioner shall give preference to programs that use Indian staff, contract with Indian organizations or tribes, or whose application is a joint effort between the Indian and non-Indian community to achieve the goals of the Indian child welfare act and the Minnesota Indian family preservation act. Programs must have input and support from the Indian community.

Subd. 2. [INAPPROPRIATE EXPENDITURES.] Indian child welfare grant money must not be used for:

(1) child day care necessary solely because of employment or training for employment of a parent or other relative with whom the child is living;

(2) foster care maintenance or difficulty of care payments;

(3) residential facility payments;

(4) adoption assistance payments;

(5) public assistance payments for aid to families with dependent children, supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145.911 to 145.922; or

(6) administrative costs for income maintenance staff.

Sec. 111. [257.3574] [CONTINUED LEGAL RESPONSIBILITY OF LOCAL SOCIAL SERVICE AGENCIES.]

The legal responsibility of local social service agencies to provide Indian child welfare services continues, and existing services must not be reduced because of the availability of these funds.

Sec. 112. [257.3575] [PAYMENTS; REQUIRED REPORTS.]

Subdivision 1. [PAYMENTS.] The commissioner shall make grant payments to each approved program in four quarterly installments a year. The commissioner may certify an advance payment for the first quarter of the state fiscal year. Later payments must be made upon receipt by the state of a quarterly report on finances and program activities.

Subd. 2. [QUARTERLY REPORT.] Each quarter, an approved program receiving an Indian child welfare grant shall submit a report to the commissioner that includes:

(1) a detailed accounting of grant money expended during the preceding quarter, specifying expenditures by line item and year to date; and

(2) a description of Indian child welfare activities conducted during the preceding quarter, including the number of clients served and the type of services provided.

The quarterly reports must be submitted no later than 15 days after the end of each quarter of the state fiscal year.

Subd. 3. [FINAL REPORT.] A final evaluation report must be submitted by each approved program. It must include client outcomes, cost and effectiveness in meeting the goals of the Indian family preservation act and permanency planning goals.

Sec. 113. [257.3576] [MONITORING AND EVALUATION.]

The commissioner shall design and implement methods for monitoring the delivery and evaluating the effectiveness of Indian child welfare services funded through these grants.

Sec. 114. [257.3577] [GRANT FORMULA.]

Subdivision 1. [PRIMARY SUPPORT GRANTS.] (a) The amount available for grants established under section 108, subdivision 1, to tribes and Indian organization grants is four-fifths of the total annual appropriation for Indian child welfare grants.

(b) The commissioner shall award tribes at least 70 percent of the amount set in paragraph (a) for primary support grants. Each tribe shall be awarded a base amount of five percent of the total amount set in this paragraph. In addition, each tribe shall be allocated a proportion of the balance of the amount set in this paragraph, less the total base amounts for all reservations. This proportion must equal the ratio of the tribe's on-reservation population to the state's total on-reservation population. Population data must be based on the most recent federal census data according to the state demographer's office.

(c) The commissioner shall award Indian organizations up to 30 percent of the amount set in paragraph (a) for primary support grants. A maximum of four multiservice Indian organizations may be awarded grants under this paragraph. "Multiservice Indian organizations" means Indian organizations recognized by the Indian community as providing a broad continuum of social, educational, or cultural services, including Indian child welfare services designed to meet the unique needs of the Indian communities in Minneapolis, St. Paul, and Duluth. Grants may be awarded to programs that submit acceptable proposals, comply with the goals and the application process of the program, and have budgets that reflect appropriate and efficient use of funds.

Subd. 2. [SPECIAL FOCUS GRANTS.] The amount available for grants established under section 108, subdivision 2, for local social service agencies, tribes, Indian organizations, and other social services organizations is one-fifth of the total annual appropriation for Indian child welfare grants. The maximum award under this subdivision is \$100,000 a year for programs approved by the commissioner.

Sec. 115. [257.3578] [UNDISTRIBUTED FUNDS.]

Undistributed funds must be reallocated by the department of human services to any other grant categories established under section 108, subdivision 1 or 2, for the goals of this grant process. Undistributed funds are available until expended.

Sec. 116. [257.3579] [AMERICAN INDIAN ADVISORY TASK FORCE.]

Subdivision 1. [CREATION OF TASK FORCE.] The commissioner shall appoint an American Indian advisory task force to help formulate policies and procedures relating to Indian child welfare services and to make recommendations regarding approval of grants provided under section 108, subdivisions 1 and 2. The task force shall consist of 17 members appointed by the commissioner and must include representatives of each of the 11 Minnesota reservations who are authorized by tribal resolution, one representative from the Duluth Urban Indian Community, three representatives from the Minneapolis Urban Indian Community, and two representatives from the St. Paul Urban Indian Community. Representatives from the urban Indian communities must be selected through an open appointments process under section 15.0597. The task force shall expire on June 30, 1991. The terms, compensation, and removal of American Indian advisory task force members shall be as provided in section 15.059.

Sec. 117. Minnesota Statutes 1986, section 268.0111, subdivision 8, is amended to read:

Subd. 8. [SERVICE PROVIDER.] "Service provider" means a public, private, or nonprofit agency that is capable of providing or administrating one or more of the employment and training services or income maintenance and support services or administering one or more of the programs for which the full productivity and opportunity coordinator has responsibility under this section.

Sec. 118. Minnesota Statutes 1986, section 268.0122, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] The commissioner of jobs and training shall:

(1) administer and supervise all forms of unemployment insurance provided for under federal and state laws that are vested in the commissioner;

(2) administer and supervise all employment and training services assigned to the department of jobs and training under federal or state law;

(3) review and comment on local service unit plans and community investment program plans and, with the concurrence of the ~~coordinator~~, approve or disapprove the plans;

(4) establish and maintain administrative units necessary to perform administrative functions common to all divisions of the department;

(5) supervise the county boards of commissioners, local service units, and any other units of government designated in federal or state law as responsible for employment and training programs;

(6) establish administrative standards and payment conditions for providers of employment and training services;

(7) act as the agent of, and cooperate with, the federal government in matters of mutual concern, including the administration of any federal funds granted to the state to aid in the performance of functions of the commissioner; and

(8) obtain reports from local service units and service providers for the purpose of evaluating the performance of employment and training services.

Sec. 119. Minnesota Statutes 1986, section 268.0122, subdivision 3, is amended to read:

Subd. 3. [DUTIES AS A STATE AGENCY.] The commissioner shall:

(1) administer the unemployment insurance laws and related programs;

(2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps that relate to employment and training services, subject to the limitations of federal regulations;

(3) administer wage subsidies and recommend to the coordinator the use of the discretionary portion of wage subsidy appropriations;

(4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;

(5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(6) enter into agreements with other departments of the state and local units of government as necessary;

(7) certify competent service providers and, ~~with the concurrence of the coordinator,~~ decertify service providers that fail to comply with performance criteria according to standards established by the coordinator commissioner;

(8) provide consistent, integrated employment and training services across the state;

(9) establish the standards for all employment and training services administered under this chapter;

(10) develop standards for the contents and structure of the county plans;

(11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

~~(12) prepare a plan and submit it to the coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a statewide employment and training plan;~~

~~(13)~~ (12) identify underserved populations, unmet service needs, and funding requirements;

~~(14)~~ (13) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

~~(15)~~ (14) submit to the governor, ~~the coordinator,~~ the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 120. Minnesota Statutes 1986, section 268.36, is amended to read:

**268.36 [REPORT TO THE COORDINATOR AND THE LEGISLATURE.]**

The commissioner, after consultation with the local service units and providers of employment and training services, shall evaluate the effectiveness of youth employment programs, taking into account the extent of all programs which are providing summer employment opportunities for youth, and shall report to the coordinator and the legislature no later than January 15 of each even-numbered year with an evaluation of this and other programs and any recommendations for improvements.

Sec. 121. Minnesota Statutes 1986, section 268.37, subdivision 3, is amended to read:

Subd. 3. The commissioner shall promulgate emergency rules as necessary to administer the grants program and shall promulgate permanent rules by July 1, 1980. The rules shall describe: (a) procedures for the administration of grants, (b) data to be reported by grant recipients, and (c) other matters the commissioner finds necessary for the proper administration of the grant program including compliance with relevant federal regulations. Weatherization assistance shall be given to households where the total income does not exceed ~~125~~ 135 percent of the poverty level as updated by the federal office of management and budget poverty guidelines. The commissioner must require that a rental unit weatherized under this section be rented to a household meeting the income limits of the program for 24 of the 36 months after weatherization is complete. In applying this restriction to multiunit buildings weatherized under this section, the commissioner shall require that occupancy continue to reflect the proportion of eligible households in the building at the time of weatherization. The commissioner shall report by February 1, 1988, to the chair of the health and human services divisions of the house appropriations and senate finance committees all steps taken to implement the requirement restricting rental of weatherized units to eligible households.

Sec. 122. Minnesota Statutes 1986, section 268.673, is amended by adding a subdivision to read:



Subd. 4a. [CONTRACTS WITH SERVICE PROVIDERS.] The commissioner shall contract directly with a certified local service provider to deliver wage subsidies if (1) each county served by the provider agrees to the contract and knows the amount of wage subsidy money allocated to the county under section 268.6751, and (2) the provider agrees to meet regularly with each county being served.

Sec. 123. Minnesota Statutes 1986, section 268.673, subdivision 5, is amended to read:

Subd. 5. [REPORT.] Each eligible local service unit entity delivering wage subsidies shall report to the commissioner and the coordinator on a quarterly basis:

(1) the number of persons employed placed in private sector jobs, in temporary public sector jobs, or in other services;

(2) the outcome for each participant placed in a private sector job, in a temporary public sector job, or in another service;

(3) the number and type of employers employing persons under the program;

(4) the amount of money spent in each eligible local service unit for wages for each type of employment and each type of other expense;

(5) the number, age, educational experience, family status, gender, priority group status, race, and work experience of persons who have completed participation each person in the program and their current employment, educational, or training status;

(6) the amount of wages received by persons while in the program and 60 days after completing the program;

(7) for each classification of persons described in clause (5), the outcome of the wage subsidy placement, including length of time employed; nature of employment, whether private sector, temporary public sector, or other service; and the hourly wages; and

(8) any other information requested by the commissioner or the coordinator. Each report must include cumulative information, as well as information for each quarter.

Data collected on individuals under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, except that summary data may be provided under section 13.05, subdivision 7.

Sec. 124. Minnesota Statutes 1986, section 268.6751, is amended to read:

Subdivision 1. [WAGE SUBSIDIES.] Wage subsidy money must be allocated to eligible local service units in the following manner:

(a) The commissioner shall allocate ~~70~~ 92.5 percent of the funds available for allocation to eligible local service units for wage subsidy programs as follows: the proportion of the wage subsidy money available to each eligible local service unit must be based on the number of unemployed persons in the eligible local service unit for the most recent six-month period and the number of work readiness assistance cases and aid to families with dependent children cases in the eligible local service unit for the most recent six-month period.

(b) ~~Thirty Seven and one-half~~ percent of the money available for wage subsidy programs must be allocated at the ~~direction and discretion of the coordinator~~ commissioner to provide jobs for residents of federally recognized Indian reservations. ~~The commissioner shall distribute the discretionary portion of wage subsidy appropriations at the request of the coordinator. For the biennium ending June 30, 1987, up to 25 percent of the discretionary portion of the wage subsidy appropriation may be used to support the office of full productivity and opportunity and the development of an intake, referral, and inventory system. In allocating the remaining discretionary portion of the wage subsidy appropriation, the coordinator shall give priority to eligible local service units that have:~~

(1) ~~high numbers of farmers who can demonstrate severe household financial need;~~

(2) ~~demonstrated success in placing public assistance applicants in private sector jobs;~~

(3) ~~demonstrated need beyond the allocation distributed under paragraph (a);~~

(4) ~~maximized use of money through coordination with other programs and state, local, and federal agencies, and through the use of matching money from private and nonprofit sources;~~

(5) ~~demonstrated need to provide special assistance in order to serve unemployed persons who incur unusual costs such as necessary relocation expenses; or~~

(6) ~~areas with high unemployment rates.~~

(c) By December 31 of each fiscal year, providers and local service units receiving wage subsidy money shall report to the commis-

sioner on the use of allocated funds. The commissioner shall reallocate uncommitted funds for each fiscal year according to the formula in paragraph (a).

Subd. 2. [EMERGENCY WAGE SUBSIDIES.] (a) The ~~coordinator~~ commissioner shall monitor local and statewide unemployment rates. Upon determining that an economic emergency exists in one or more local service units, the ~~coordinator~~ commissioner may implement an emergency wage subsidy program and recommend to the governor to pursue ways to increase the wage subsidy money available to local service units in the affected area or areas from sources other than the appropriation allocated under subdivision 1.

(b) When the unemployment rate for the state of Minnesota equals or exceeds nine percent, the ~~coordinator~~ commissioner shall implement a statewide emergency wage subsidy program and shall recommend to the governor to pursue ways to increase money available for wage subsidies.

Sec. 125. Minnesota Statutes 1986, section 268.676, is amended to read:

268.676 [ALLOCATION WITHIN ELIGIBLE LOCAL SERVICE UNITS; PRIORITIES AMONG APPLICANTS; EMPLOYERS.]

Subdivision 1. [AMONG JOB APPLICANTS.] Allocation At least 80 percent of funds allocated among eligible job applicants within an eligible local service unit shall give priority statewide must be allocated to:

- (1) applicants living in households with no other income source;
- (2) applicants whose incomes and resources are less than the standards for eligibility for general assistance or work readiness;
- (3) applicants who are eligible for aid to families with dependent children; and
- (4) applicants who live in a farm household who demonstrate severe household financial need.

Subd. 2. [AMONG EMPLOYERS.] Allocation of funds among eligible employers within an eligible local service unit shall give priority to funding private sector jobs to the extent that eligible businesses apply for funds. If possible, no more than 25 percent of the statewide funds available for wages may be allocated for temporary jobs with eligible government and nonprofit agencies, or for temporary community investment program jobs with eligible government agencies during the biennium. This subdivision does not

apply to jobs for residents of federally recognized Indian reservations.

Sec. 126. Minnesota Statutes 1986, section 268.677, subdivision 1, is amended to read:

Subdivision 1. To the extent allowable under federal and state law, wage subsidy money must be pooled and used in combination with money from other employment and training services or income maintenance and support services. At least 75 percent of the money appropriated for wage subsidies must be used to pay wages for eligible job applicants. For each eligible job applicant employed, the maximum state contribution from any combination of public assistance grant diversion and employment and training services governed under this chapter, including wage subsidies, is \$4 per hour for wages and \$1 per hour for fringe benefits. ~~In addition,~~ The use of wage subsidies are limited as follows:

(a) For each eligible job applicant placed in private or nonprofit employment, the state may subsidize wages for a maximum of 1,040 hours over a period of 26 weeks. Employers are encouraged to use money from other sources to provide increased wages to applicants they employ.

(b) For each eligible job applicant participating in a job training program and placed in private sector employment, the state may subsidize wages for a maximum of 1,040 hours over a period of 52 weeks.

(c) For each eligible job applicant placed in a community investment program job, the state may provide wage subsidies for a maximum of 780 hours over a maximum of 26 weeks. For an individual placed in a community investment program job, the county share of the wage subsidy shall be 25 percent. Counties may use money from sources other than public assistance and wage subsidies, including private grants, contributions from nonprofit corporations and other units of government, and other state money, to increase the wages or hours of persons employed in community investment programs.

(d) Notwithstanding the limitations of paragraphs (a) and (b), money may be used to provide a state contribution for wages and fringe benefits in private sector jobs for eligible applicants who had previously held temporary jobs with eligible government and nonprofit agencies or who had previously held community investment program jobs for which a state contribution had been made, and who are among the priority groups established in section 268.676, subdivision 1. The use of money under this paragraph shall be for a maximum of 1,040 hours over a maximum period of 26 weeks per job applicant.

Sec. 127. Minnesota Statutes 1986, section 268.678, subdivision 1, is amended to read:

Subdivision 1. [GENERAL POWERS.] Eligible local service units have the powers and duties given in this section and any additional duties given by ~~the coordinator or the commissioner.~~

Sec. 128. Minnesota Statutes 1986, section 268.678, subdivision 4, is amended to read:

Subd. 4. [CONTRACTS.] Each eligible local service unit that has not agreed to a contract under section 122, may enter into contracts with certified service providers to deliver wage subsidies.

Sec. 129. Minnesota Statutes 1986, section 268.681, is amended by adding a subdivision to read:

Subd. 1a. [LIMITATIONS; TYPE OF EMPLOYERS.] (a) Manufacturing businesses, nonretail businesses that meet the definition of small business in section 645.445, or businesses that export products out of the state may receive wage subsidies.

(b) Businesses not described in paragraph (a) may receive wage subsidies only if the eligible local service unit or its contractor determines that no private sector jobs are available to job applicants in the businesses described in paragraph (a).

Sec. 130. Minnesota Statutes 1986, section 268.681, subdivision 2, is amended to read:

Subd. 2. [PRIORITIES.] In allocating funds among eligible businesses, the eligible local service unit or its contractor shall give priority to businesses which best satisfy the following criteria:

- (a) have a high potential for growth and long-term job creation;
- (b) are labor intensive;
- (c) meet the definition of a small business as defined in section 645.445;
- (d) make high use of local and Minnesota resources;
- (e) are under ownership of women and minorities;
- (f) make high use of new technology;
- (g) produce energy conserving materials or services or are involved in development of renewable sources of energy; and

(h) have their primary place of business in Minnesota; and

(i) are nonretail businesses.

Sec. 131. Minnesota Statutes 1986, section 268.871, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY AND CERTIFICATION.] Unless prohibited by federal law or otherwise determined by state law ~~or the coordinator~~, a local service unit is responsible for the delivery of employment and training services. After February 1, 1986, employment and training services must be delivered by public, nonprofit, or private service providers that are certified to provide the services.

Sec. 132. Minnesota Statutes 1986, section 268.88, is amended to read:

268.88 [LOCAL SERVICE UNIT PLANS.]

(a) Local service units shall prepare and submit to the commissioner by October 15 of each year an annual plan for the subsequent calendar year. The commissioner shall notify each local service unit by December 1 of each year if its plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a report on the use of wage subsidies, grant diversions, community investment programs, sliding fee day care, and other services administered under this chapter;

(7) an annual update of the community investment program plan according to standards established by the commissioner; and

(8) a performance review of service providers delivering employment and training services.

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan, the ~~coordinator~~ commissioner shall resolve their dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the ~~coordinator~~ commissioner until an acceptable amended plan has been submitted.

(d) For 1985, local service unit plans must be submitted by November 1, 1985 and must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) the amount proposed to be allocated to each employment and training service;

(4) the proposed employment and training services and service providers the local service unit plans to utilize; and

(5) a statement of intent regarding the establishment of either a community investment program or an employment experience program.

If the local service unit provides a statement of intent for the establishment of a community investment program under clause (5), the local service unit must submit a preliminary community investment program plan by February 1, 1986.

Sec. 133. Minnesota Statutes 1986, section 268.89, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL PLAN.] The commissioner shall recommend to the governor the priorities, performance standards, and special projects that are consistent with the coordinator's biennial plan.

Sec. 134. Minnesota Statutes 1986, section 268.91, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF COMMISSIONER.] The commissioner shall develop standards for county boards to provide child care services to enable eligible families to participate in employment or training programs. The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The commissioner shall require counties to collect and report data that the commissioner deems necessary to evaluate the effectiveness of the program in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children. ~~The commissioner shall report to the full productivity and opportunity coordinator in each even-numbered year on the effectiveness of the program.~~

Sec. 135. Minnesota Statutes 1986, 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 A 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) has violated section 256.98 and is subject to both the criminal and civil penalties provided under that section:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(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

(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 the recipient's or user's estate by the county as a debt due the county.

Sec. 136. Minnesota Statutes 1986, section 524.3-1201, is amended to read:

524.3-1201 [COLLECTION OF PERSONAL PROPERTY BY AFFIDAVIT.]

(a) Thirty days after the death of a decedent, any person indebted to the decedent or having possession of tangible personal property or an instrument evidencing a debt, obligation, stock or chose in action belonging to the decedent shall make payment of the indebtedness or deliver the tangible personal property or an instrument evidencing a debt, obligation, stock or chose in action to a person claiming to be the successor of the decedent, including a county agency with

a claim authorized by section 256B.15, upon being presented a certified death certificate of the decedent and an affidavit, in duplicate, made by or on behalf of the successor stating that:

(1) the value of the entire probate estate, wherever located, less liens and encumbrances, does not exceed \$5,000;

(2) 30 days have elapsed since the death of the decedent;

(3) no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction; and

(4) the claiming successor is entitled to payment or delivery of the property.

(b) A transfer agent of any security shall change the registered ownership on the books of a corporation from the decedent to the successor or successors upon the presentation of an affidavit as provided in subsection (a).

#### Sec. 137. [TRAINING OF WELFARE FRAUD PROSECUTORS.]

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, contract with the county attorney's council or other public or private entity experienced in providing training for prosecutors to conduct quarterly workshops and seminars focusing on current aid to families with dependent children program issues, other income maintenance program changes, recovery issues, alternative sentencing methods, use of technical aids for interviews and interrogations, and other matters affecting prosecution of welfare fraud cases.

#### Sec. 138. [TRAINING OF WELFARE FRAUD INVESTIGATORS.]

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, establish a pilot project for further education and training of welfare fraud investigators. The commissioner may enter into contractual agreements with other state, federal, or county agencies as part of cooperative projects employing experienced investigators to provide on-the-job training to county investigators.

#### Sec. 139. [STAFFING.]

A position is established in the assistance payments division, department of human services, to undertake the training initiatives required of the department. This position may also be utilized to

assist in fraud control initiatives which the department may undertake.

Sec. 140. [LOW-LEVEL IONIZING RADIATION REPORTS.]

The commissioner of health shall transmit to the governor and the legislature no later than December 31, 1987, the major reports on human health effects of low-level ionizing radiation. The reports shall include current research data on:

(1) data and risk coefficients relating to ionizing radiation effects of occupational exposure, on human fetuses, and on the general public; and

(2) the worldwide effects to the public health of the radioactive emissions resulting from the Chernobyl accident in April, 1986.

Sec. 141. [STUDY AND REPORT.]

The interagency board for quality assurance shall study the following issues and report to the legislature by December 15, 1988, on its findings and recommendations:

(1) the advisability of changing the definition of "hardship" for purposes of the nursing home moratorium;

(2) the advisability of defining the need for nursing home beds in terms of the population aged 75 and older; and

(3) the existence of a geographic maldistribution of long-term care beds and alternative care services in the state.

Sec. 142. [STUDY.]

The commissioner of human services, with the assistance of the commissioner of veterans affairs, shall study the possibility of using the resources of the regional treatment centers system to provide care for veterans. The commissioner shall develop recommendations based on the study and report the recommendations to the legislature by January 1, 1988.

The study must include an assessment of need for the care, the costs of the care, and the impact of providing the care on treatment center residents. If the commissioner recommends conversion of a specific site, the study must analyze the impact of conversion on residents, employees, and communities affected by the recommendation.

Sec. 143. [COMMISSION TO DEVELOP PLAN.]

Subdivision 1. [PLAN FOR ALLOCATION.] The legislative coordinating commission, as created in section 3.30, shall develop a plan for allocation of the money appropriated under subdivision 4.

Subd. 2. [ENERGY CONSERVATION PLAN.] The legislative coordinating commission shall appoint a task force of no more than 20 members. The task force shall include representatives of government; individuals, nonprofit organizations, or community groups that have an interest in low income weatherization; and other community groups selected by the legislative coordinating commission. The task force shall prepare and recommend to the commission an energy conservation allocation plan allocating the money appropriated under subdivision 4. The commission may amend the plan as necessary, shall approve the final version of the plan, and shall allocate the appropriated money according to the plan and this section. The commission shall allocate the money to activities that the commission determines are permitted under any applicable court order and federal statute or rule and that will substantially and measurably reduce the consumption of fossil fuels within the state. Not less than half of the money appropriated under subdivision 4 each year shall be used to maintain low-income energy conservation programs administered by the department of jobs and training and other energy conservation programs.

Subd. 3. [PLAN REVISION.] The energy conservation allocation plan shall be revised and approved quarterly by the legislative coordinating commission in order to allocate any additional funds received since the previous allocation.

Subd. 4. [ALLOCATION OF FUNDS.] Money received before or after the effective date of this section by the governor, the commissioner of finance, or any other state agency as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F. Supp. 586 (D. Kan. 1983) and all other money received after the effective date of this section by any of those entities or agencies, resulting from overcharges by oil companies in violation of federal law, is appropriated to the legislative coordinating commission and shall be allocated as provided in the energy conservation allocation plan approved by the commission.

Sec. 144. [REPEALER.]

Subdivision 1. Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 11 and 12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3, are repealed.

Subd. 2. Minnesota Statutes 1986, section 256D.051, subdivisions 4 and 5, are repealed.

Sec. 145. [EFFECTIVE DATE.]

Sections 6 and 11 are effective on July 1, 1989. Sections 7 to 10, and 32 are effective the day following final enactment. Section 97 is effective July 1, 1988. Section 144, subdivision 2, is effective January 1, 1988.

### ARTICLE 3

#### WELFARE REFORM

Section 1. Minnesota Statutes 1986, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner.

(2) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(3) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(4) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(5) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the

provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(6) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(7) Administer and supervise any additional welfare activities and services as are vested by law in the department.

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed two four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this

section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs and shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for that program. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects

or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

Sec. 2. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 7. [VERIFICATION PROCEDURES.] The commissioner shall form an advisory committee of local agency representatives, state officials, and recipients to recommend and implement ways to reduce verification procedures at the local level. The goal of this effort is to treat clients with dignity and expect client honesty. Verification procedures should be reduced to a minimum at the time of application and increased only as needed.

Sec. 3. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] As used in this section the following words have the meanings given them:

(a) "AFDC" means aid to families with dependent children.

(b) "AFDC-UP" means that group of AFDC clients who are eligible for assistance by reason of unemployment as defined by the commissioner under section 256.12, subdivision 14.

(c) "Caretaker" means a parent or eligible adult who is part of the assistance unit that has applied for or is receiving AFDC.

(d) "Employment and training services" means programs, activities, and services related to job training and job placement, including job service programs, job training partnership act programs, wage subsidies, remedial and secondary education programs, post-secondary education programs excluding education leading to an advanced degree, vocational education programs, work incentive programs, work readiness programs, employment search, community work experience programs, displaced homemaker programs, self-employment programs, grant diversion, employment experience programs, youth employment programs, community investment programs, supported work programs, and counseling and support activities necessary to stabilize the caretaker or the family.

(e) "Employment and training service provider" means an administrative entity certified by the commissioner of jobs and training to deliver employment and training services.



(f) "Minor parent" means a caretaker relative who is the parent of the dependent child or children in the assistance unit and who is under the age of 18.

(g) "Priority groups" or "priority caretakers" means recipients of AFDC or AFDC-UP designated as priorities for employment and training services under section 4.

Sec. 4. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 2a. [PRIORITY GROUPS.] Priority for participation in employment and training services under this section must be given to caretakers who:

(1) are under the age of 22;

(2) have not received a high school diploma or general equivalency diploma; or

(3) have received 24 months or more of AFDC over the last 36 months.

Sec. 5. Minnesota Statutes 1986, section 256.736, subdivision 3, is amended to read:

Subd. 3. [OPERATION OF PROGRAMS REGISTRATION.] To determine who shall be designated as an appropriate individual for certification for employment and training services, the commissioner of jobs and training shall provide, by rule, standards for county boards consistent with the standards promulgated by the secretary of health and human services. County boards shall certify appropriate individuals for employment and training services, shall notify the commissioner of human services, and shall require that every individual certified, as a condition of receiving aid to families with dependent children, register for employment services, training, and employment, unless such individual is: (a) To the extent permissible under federal law, every caretaker or child is required to register for employment and training services, as a condition of receiving AFDC, unless the caretaker or child is:

(1) a child who is under age 16, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time, or a full-time student age 18 who is attending a secondary school or a secondary level vocational or technical program and who is expected to complete the school or program before reaching age 19;

(2) a person caretaker who is ill, incapacitated or of advanced age 55 or older;

(3) a person so remote from caretaker for whom participation in an employment and training service and where transportation is not reasonably available that effective participation is precluded would require a round trip commuting time by available transportation of more than two hours;

(4) a person caretaker whose presence in the home is required because of illness or incapacity of another member of the household;

(5) a parent caretaker or other caretaker relative of a child under the age of six who personally provides full-time care for the child;

(6) a parent or other caretaker if another adult relative in the assistance unit is registered and has not, without good cause, failed or refused to participate or accept employment;

(7) a pregnant woman in the last trimester of pregnancy; or

(8) a parent who is not the principal earner if the parent who is the principal earner is not exempt under clauses (1) to (7).

Any individual referred to in clauses (3) and (5) to (8) must be advised of the option to register for any available employment services, and training services, and employment if the individual so desires, and must be informed of the any available child care and other support services available if the individual decides to register.

If, after planning with a recipient a decision is made that the recipient must register for employment services, training, and employment, the county board shall notify the recipient in writing of the need to register for participation in an employment and training service and that the recipient (b) To the extent permissible by federal law, applicants for benefits under the AFDC program are registered for employment and training services by signing the application form. Applicants must be informed that they are registering for employment and training services by signing the form. Persons receiving benefits on the effective date of this section shall register for employment and training services to the extent permissible by federal law. The caretaker has a right to a fair hearing under section 256.045 with respect to the appropriateness of the registration.

Sec. 6. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3a. [PARTICIPATION.] Caretakers in priority groups must participate in employment and training services under this section to the extent permissible under federal law. However, no assistance unit may be sanctioned for a caretaker's failure to participate in employment and training services under this section if failure

results from inadequate funding for employment and training services.

Sec. 7. Minnesota Statutes 1986, section 256.736, subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of human services shall:

(1) Arrange for or provide any relative or child caretaker required to ~~register for~~ participate in employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) Pay ten percent of the cost of the work incentive program and any other costs that are required of that agency by federal regulation for employment and training services for recipients of aid to families with dependent children;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of jobs and training is disregarded and the additional expenses attributable to participation in a program are taken into account in grant determination to the extent permitted by federal regulations; and

(4) Provide that when it has been certified by the ~~commissioner of jobs and training, certification to be binding upon the commissioner of human services county board~~, that a relative or child certified under caretaker required to participate in an employment and training program to the commissioner of jobs and training has been found by the ~~commissioner, after a hearing conducted in the manner prescribed by section 268.10, subdivision 3, with the right of review in accordance with the provisions of section 268.10, subdivision 8,~~ employment and training service provider to have refused without good cause to participate in appropriate employment and training services or to have refused without good cause to accept a bona fide offer of public or other employment, the county board shall provide that:

(a) If the relative caretaker makes the refusal, the relative's caretaker's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of protective or vendor payments, except that when protective payments are made, the local agency may continue payments to the relative caretaker if a protective payee cannot reasonably be found.

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal will be denied and the child's needs will not be taken into account in making the grant determination.

(d) If the assistance unit's eligibility is based on the nonexempt principal earner's unemployment and this principal earner fails or refuses without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87, if the family is subject to requirements of the work incentive program.

Sec. 8. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 4a. [NOTICE AND RIGHT OF APPEAL.] The employment and training service provider shall notify the county board of a caretaker's failure without good cause to cooperate or accept employment. Any determination, action, or inaction on the part of the county board relating to a caretaker's participation under section 256.736, is subject to the notice and hearing procedures in section 256.045, and Code of Federal Regulations, title 45, section 205.10.

Sec. 9. Minnesota Statutes 1986, section 256.736, subdivision 6, is amended to read:

Subd. 6. [PROTECTION FROM GARNISHMENT.] Earnings of a recipient caretaker while participating in full or part-time employment or training shall be protected from garnishment. This protection shall extend for a period of six months from the date of termination of a recipient's caretaker's grant of assistance.

Sec. 10. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 10. [COUNTY DUTIES.] To the extent of available state appropriations, county boards shall:

(1) refer all priority caretakers required to register under subdivision 3 to an employment and training service provider for participation in employment and training services;

(2) identify to the employment and training service provider caretakers who fall into the priority groups;

(3) provide all caretakers with an orientation which (a) gives information on available employment and training services and support services, and (b) encourages clients to view AFDC as a temporary program providing grants and services to clients who set

goals and develop strategies for supporting their families without AFDC assistance;

(4) work with the employment and training service provider to encourage voluntary participation by caretakers in the priority groups;

(5) work with the employment and training service provider to collect data as required by the commissioner;

(6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;

(7) encourage nonpriority caretakers to develop a plan to obtain self-sufficiency;

(8) notify the commissioner of the caretakers required to participate in employment and training services;

(9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;

(10) provide transportation assistance using the employment special needs fund to caretakers who participate in employment and training programs, with priority for services to caretakers in priority groups; and

(11) ensure that orientation, employment search, and case management services are made available to appropriate caretakers under this section, except that payment for case management services is governed by section 15.

A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

Sec. 11. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 11. [CASE MANAGEMENT SERVICES.] For clients described in section 4, the case manager shall:

(1) Assess the education, skills, and ability of the caretaker to secure and retain a job which, when added to child support, will support the caretaker's family. The case manager must work with the caretaker in completing this task;

(2) Set goals and develop a timetable for completing education and employment goals. The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who

have not completed high school, the first goal for the caretaker must be to complete literacy training or a general education diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

(3) For minor parents, assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents who are not living with friends or relatives to live in a group home or foster care setting. If minor parents are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess the minor parent's need for training in parenting and independent living skills and shall refer appropriate minor parents to available counseling programs designed to teach needed skills;

(4) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). When a client needs child care services in order to attend a Minnesota public college, university or technical institute, the case manager shall contact the appropriate institution to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general education diploma is eligible for child care under section 268.91;

(5) Develop, execute, and monitor a contract between the local agency and the caretaker. The contract must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal; (b) specific services provided by the county agency; and (c) conditions under which the county will withdraw the services provided.

The contract may include other terms as desired or needed by either party. In all cases, however, the case manager must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(6) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

Sec. 12. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 12. [CASE MANAGERS.] (a) Counties may directly employ case managers if certified as an employment and training service provider under section 268.0122, or may contract for case management services with a certified employment and training service

provider. Uncertified counties and contracting agencies may provide case management services only if they demonstrate the ability to coordinate employment, training, education, and support services. The commissioner of jobs and training shall determine whether or not an uncertified county or agency has demonstrated such ability.

(b) Counties that employ case managers must ensure that the case managers have the skills and knowledge necessary to perform the variety of tasks described in subdivision 11. Counties that contract with another agency for case management services must specify in the contract the skills and knowledge needed by the case managers. At a minimum, case managers must:

(1) have a thorough knowledge of training, education, and employment opportunities;

(2) have training or experience in understanding the needs of AFDC clients and their families; and

(3) be able to formulate creative individualized contracts.

Sec. 13. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 13. [EMPLOYMENT SEARCH.] (a) The commissioner of human services shall establish an employment search program pursuant to section 402(A)35 of the Social Security Act. The principal wage earner in an AFDC-UP assistance unit must participate in the employment search program within four months of being determined eligible for AFDC-UP unless:

(1) the caretaker is already participating in another approved employment and training service;

(2) the caretaker's employability plan specifies other activities; or

(3) the caretaker is unable to secure employment due to inability to communicate in the English language.

The employment and training service provider shall refer caretakers unable to communicate in the English language to English as a second-language courses.

(b) The employment search program must provide the following services:

(1) an initial period of up to four weeks of job search activities for not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall

report to the county board if the caretaker fails to cooperate with the employment search requirement; and

(2) an additional period of job search following the first period at the discretion of the employment and training service provider. The total of these two periods of job search may not exceed eight weeks.

(c) The employment search program may provide services to non-AFDC-UP caretakers.

Sec. 14. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 14. [REPORTING.] The commissioner of human services, in cooperation with the commissioner of jobs and training shall develop reporting requirements for local agencies and employment and training service providers. The requirements must include information necessary to track recipients as they move between activities and information necessary to evaluate the effectiveness of the services.

Sec. 15. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 15. [STATE SHARE.] (a) The state must pay 75 percent of costs incurred by counties under subdivision 11, except that after July 1, 1988, the commissioner shall adjust the state share to reflect county performance. Factors which the commissioner may consider in adjusting the state share must include, but are not limited to, the following:

(1) percentage of long-term cases leaving the AFDC program after one year, two years, and three years;

(2) percentage of minor parents who finish high school;

(3) percentage of caretakers who are in training or education and are successfully working toward their contracted goals; and

(4) percentage of caretakers leaving the AFDC program.

The commissioner may raise or lower the state share of costs by a maximum of ten percent. A county may appeal a decision of the commissioner.

(b) If the state appropriation is not sufficient to fund the cost of case management services for all caretakers identified in subdivision 2a, the commissioner must define a statewide subgroup of caretakers which includes all caretakers in subdivision 2a, clause (1)



and as many caretakers as possible from subdivision 2a, clauses (2) and (3).

(c) The commissioner shall allocate funds for employment and training services to the counties as follows:

(1) a portion based on the average monthly number of AFDC-UP cases in each county, to be used for the employment search activities described in subdivision 13;

(2) a portion based on the average monthly number of all AFDC cases to be used for the orientation and referral activities described in subdivision 10; and

(3) a portion based on the average monthly number of caretakers receiving AFDC who are under the age of 22 and the average monthly number of AFDC cases open for 24 or more consecutive months. Counties shall use this portion of funds for employment search, job preparedness, and training-related expenses with priority caretakers.

The commissioner shall determine the portion of funds for clauses (1) to (3). Funds shall be allocated at the beginning of each fiscal year, based on the average monthly cases for the 12-month period ending March 31 of the previous fiscal year.

(d) Counties and the department of jobs and training shall bill the commissioner of human services for any expenditures incurred by the county, the county's employment and training service provider, or the department of jobs and training that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services for the reimbursement and appropriate the reimbursed money to the county or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand services in this section.

Sec. 16. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 16. [PHASE-IN.] The commissioner shall implement this section on a statewide basis as quickly as possible. The commissioner may phase in changes under the section in any reasonable manner that ensures a unified, statewide coordinated program by no later than December 31, 1988.

Sec. 17. Minnesota Statutes 1986, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall disregard the following from family income:

(1) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance;

(3) the first \$75 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) an amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout

the month, the commissioner shall prescribe by rule a lesser amount to be disregarded;

(5) thirty dollars plus one-third of the remainder of each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has:

(a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) refused without good cause to accept an offer of suitable employment; or

(c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or

(d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment.

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clauses (5)(a) to (5)(d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under clause (d), the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit; and

(7) that portion of an insurance settlements settlement earmarked and used to pay medical bills, to compensate a member of an assistance unit for partial or permanent loss of function or a body part expenses, funeral and burial costs, or to repair or replace insured property.

The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days of the collection of such periodic support payments and shall be disregarded in determining the amount of assistance.

Sec. 18. [256.745] [SERVICE DELIVERY IMPROVEMENT PILOT PROJECT.]

Subdivision 1. [STEP.] "STEP" means the strive toward excellence program administered by the department of administration.

Subd. 2. [PILOT PROJECT ESTABLISHED; GOALS.] The service delivery improvement project, consisting of six pilot projects selected under subdivision 4, is established to use STEP productivity improvement technology to achieve the following goals: redesign of employment and training and income maintenance delivery systems as required under Laws 1985, First Special Session chapter 14, article 9; and improvement of the quality and cost effectiveness of employment and training and income maintenance services provided to clients.

Subd. 3. [COMMITTEE.] The commissioner shall establish and select a committee to administer the service delivery improvement project. The committee consists of the commissioner of jobs and training, the commissioner of human services, one member of the senate, one member of the house of representatives, one public member representing the private sector, and other public members considered necessary by the commissioner. The commissioner may reimburse the public members for actual expenses in the same manner and amount as authorized by the commissioner's plan under section 43A.18, subdivision 2.

Subd. 4. [DUTIES.] The committee shall solicit from local service units or consortia of local service units proposals to conduct innovative pilot projects to redesign the employment and training and income maintenance delivery system. By December 1, 1987, the committee shall evaluate the proposals and select six pilot projects to receive training and technical assistance as provided in subdivision 6.

Subd. 5. [EVALUATION.] The committee shall evaluate each proposal based upon the extent to which the proposed pilot project uses STEP productivity improvement technology, addresses the goals set forth under subdivision 2, and involves members of the private sector in joint financing of delivery system innovations.

Subd. 6. [TRAINING AND TECHNICAL ASSISTANCE.] The commissioner shall contract with the department of administration to provide staff training, technical assistance, and detailed periodic reports of the day-to-day operation of a pilot project to affected local service units.

Subd. 7. [COOPERATION OF AGENCIES.] The commissioner of human services and the commissioner of jobs and training shall cooperate fully with local service units undertaking pilot projects under this section. If requested by a local service unit which has had a pilot project selected under subdivision 4, the commissioner shall reduce, to the extent possible, reporting and other requirements which may be applicable under state law to that pilot project.

Sec. 19. Minnesota Statutes 1986, 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 the person nor the person's 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 rules of the state agency; and

(12) who alone, or together with the person's 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 a 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 section 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, except that families and children may have an income up to 133 $\frac{1}{3}$  of the AFDC payment standard, 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 rules of the state agency. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income 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 the person's 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 the person or the person's spouse from automobile accident coverage and private health care coverage to the costs of medical care for the person, the spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care 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. 20. Minnesota Statutes 1986, section 268.0122, subdivision 3, is amended to read:

Subd. 3. [DUTIES AS A STATE AGENCY.] The commissioner shall:

(1) administer the unemployment insurance laws and related programs;

(2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps that relate to employment and training services, subject to the limitations of federal regulations contract under section 268.86, subdivision 2;

(3) administer wage subsidies and the discretionary training and retraining fund, and recommend to the coordinator the use of the discretionary portion of wage subsidy appropriations;

(4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;

(5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(6) enter into agreements with other departments of the state and local units of government as necessary;

(7) certify competent employment and training service providers and, with the concurrence of the coordinator, decertify service providers that fail to comply with performance criteria according to standards established by the coordinator;

(8) provide consistent, integrated employment and training services across the state;

(9) establish the standards for all employment and training services administered under this chapter;

(10) develop standards for the contents and structure of the county local service unit plans;



(11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

(12) prepare a plan and submit it to the coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a statewide employment and training plan;

(13) identify underserved populations, unmet service needs, and funding requirements;

(14) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

(15) submit to the governor, the coordinator, the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 21. Minnesota Statutes 1986, section 268.85, subdivision 2, is amended to read:

Subd. 2. [ORDER OF PRIORITY.] (a) The priority for services to be provided is:

(1) permanent, unsubsidized, full-time private or nonprofit sector employment and, where possible, in conjunction with targeted jobs tax credits as defined at United States Code, title 26, section 44B, as amended by Public Law Number 98-369, with highest priority to employment with paid medical benefits;

- (2) permanent, subsidized, full-time private sector employment;
- (3) permanent, subsidized, full-time nonprofit sector employment;
- (4) training;
- (5) relocation, except that relocation is considered only when a client can find affordable housing near the new location; and
- (6) part-time, subsidized, nonprofit, or public employment with continued employment assistance.

(b) Individuals receiving any of the priority services in paragraph (a) must be provided with child care, transportation, or other support services as necessary and in relation to their eligibility and the availability of funds.

(c) In delivering employment and training services, local service units shall distribute their available resources in a manner that provides greater incentives to clients in permanent private or nonprofit sector employment than in public sector jobs.

Sec. 22. Minnesota Statutes 1986, section 268.86, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT DISCRETIONARY PROGRAMS.] The commissioner ~~shall~~ may develop and administer discretionary employment and training services programs to assist appropriate recipients of public assistance and unemployed and underemployed persons eligible to receive wage subsidies to become economically independent. The services must have as their objective the improvement of clients' opportunities for economic independence through permanent employment. The services must provide sufficient employment and training options to allow local service units to effectively meet the support services, educational, and training needs of their public assistance and wage subsidy clients programs may include on-the-job training, wage subsidies, classroom training, relocation expenses, temporary cash assistance for persons in training, and support services.

Sec. 23. Minnesota Statutes 1986, section 268.86, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION INTERAGENCY AGREEMENTS.] Under agreements necessary to comply with federal regulations, By October 1, 1987, the commissioner, on behalf of and the commissioner of human services, shall administer enter into a written contract for the design, delivery, and administration of employment and training services for applicants for or recipients of food stamps or aid to families with dependent children and food stamps. The

commissioner shall administer employment and training services for general assistance and work readiness recipients in consultation with the commissioner of human services, including AFDC employment and training programs, grant diversion, and supported work. The contract must address:

- (1) specific roles and responsibilities of each department;
- (2) assignment and supervision of staff for interagency activities including any necessary interagency employee mobility agreements under the administrative procedures of the department of employee relations;
- (3) mechanisms for determining the conditions under which individuals participate in services, their rights and responsibilities while participating, and the standards by which the services must be administered;
- (4) procedures for providing technical assistance to local service units and employment and training service providers;
- (5) access to appropriate staff for ongoing development and interpretation of policy, rules, and program standards;
- (6) procedures for reimbursing appropriate agencies for administrative expenses; and
- (7) procedures for accessing available federal funds.

Sec. 24. Minnesota Statutes 1986, section 268.86, subdivision 4, is amended to read:

Subd. 4. [EMPLOYABILITY PLANS.] The commissioner shall require that a public assistance recipient's employment status is appraised within 30 days and that a written employability plan is prepared for appropriate public assistance recipients in consultation with the recipients. The plan must take into account the level of skill and education of the recipient, as measured against the existing market, the length of time the recipient has been absent from the work force, and the recipient's financial responsibility to a family, if any. The plan must be designed to help the recipient obtain suitable employment, or training and work skills necessary to secure suitable employment, and may include an arrangement with another service provider or agency for specialized employment, education, training, or support services. For a caretaker of a family receiving aid to families with dependent children, "suitable employment" must produce a net income which, taking into account the cost of medical insurance and expenses of work, including child care and transportation, equals or exceeds the standard of need determined under section 256.74, subdivision 1. A copy of the plan must be given

to the recipient at the time it is prepared; an additional copy must be given to the local agency for its files.

Sec. 25. Minnesota Statutes 1986, section 268.871, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY AND CERTIFICATION.] Unless prohibited by federal law or otherwise determined by state law or the coordinator, a local service unit is responsible for the delivery of employment and training services. After February 1, 1986 1988, employment and training services must be delivered by public, nonprofit, or private service providers that are certified to provide the services employment and training service providers.

Sec. 26. Minnesota Statutes 1986, section 268.871, subdivision 2, is amended to read:

Subd. 2. [CONTRACTING PREFERENCE.] In contracting, a local service unit must give preference, whenever possible, to existing certified employment and training service providers including the job service, opportunities industrialization centers, displaced homemaker providers, work incentive providers, Minnesota employment and economic development act providers, post-secondary educational institutions, and job training partnership act programs that can effectively coordinate federal, state, and local employment and training services; that can maximize use of available federal and other nonstate funds; and that have demonstrated the ability to serve public assistance clients as well as other unemployed people.

Sec. 27. Minnesota Statutes 1986, section 268.871, is amended by adding a subdivision to read:

Subd. 5. [REPORTS.] Each employment and training service provider under contract with a local service unit to deliver employment and training services must submit an annual report by March 1 to the local service unit. The report must specify:

- (1) types of services provided;
- (2) number of priority and nonpriority AFDC recipients served, the number of work readiness assistance recipients served, and the number of other clients served;
- (3) how resources will be prioritized to serve priority and nonpriority public assistance recipients and other clients; and
- (4) manner in which state employment and training funds and programs are being coordinated with federal and local employment and training funds and programs.

Sec. 28. Minnesota Statutes 1986, section 268.88, is amended to read:

268.88 [LOCAL SERVICE UNIT PLANS.]

(a) Local service units shall prepare and submit to the commissioner by ~~October~~ April 15 of each year an annual plan for the subsequent calendar year. The commissioner shall notify each local service unit by ~~December~~ May 1 of each year if its plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies and programs that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a report on the use of wage subsidies, grant diversions, community investment programs, sliding fee day care, and other services administered under this chapter;

(7) an annual update of the community investment program plan according to standards established by the commissioner; ~~and~~

(8) a performance review of the employment and training service providers delivering employment and training services for the local service unit; and

(9) a copy of any contract between the local service unit and an employment and training service provider including expected outcomes and service levels for public assistance clients.

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan, the coordinator shall resolve their dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the coordinator until an acceptable amended plan has been submitted.

(d) For 1985, local service unit plans must be submitted by November 1, 1985 and must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) the amount proposed to be allocated to each employment and training service;

(4) the proposed employment and training services and service providers the local service unit plans to utilize; and

(5) a statement of intent regarding the establishment of either a community investment program or an employment experience program.

If the local service unit provides a statement of intent for the establishment of a community investment program under clause (5), the local service unit must submit a preliminary community investment program plan by February 1, 1986.

Sec. 29. Minnesota Statutes 1986, section 268.91, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section the following terms have the meanings given.

(a) "Child care services" means child care provided in family day care homes, group day care homes, nursery schools, day nurseries, child day care centers, play groups, head start, and parent cooperatives, and in-home child care as defined in the Minnesota plan for social services to families and children or in the child's home.

(b) "Child" means a person 14 12 years old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

(c) "Commissioner" means the commissioner of jobs and training human services.

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "County board" means the board of county commissioners in each county.

(f) "County plan" means the community social services plan required by section 256E.09.

(g) "Education program" means remedial or basic education or English as a second language instruction, completion of high school education, or completion of a general equivalency diploma. Education program may include post-secondary education leading to an undergraduate degree under the terms of subdivision 2.

(h) "Employment program" means employment of recipients defined in subdivision 4, vocational assessment, and job readiness and job search activities.

(i) "Human services board" means a board established under section 402.02; Laws 1974, chapter 293; or Laws 1976, chapter 340.

(j) "Provider" means the child care license holder or the legal nonlicensed caregiver who operates a family day care home, a group family day care home, a day care center, a nursery school, or a day nursery, or who functions in the child's home.

(k) "Training program" means job training not provided by post-secondary education institutions.

(l) "Set-aside funds" means funds reserved for recipients of aid to families with dependent children as specified in section 32.

Sec. 30. Minnesota Statutes 1986, section 268.91, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF COMMISSIONER.] (a) The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment ~~or~~, training, or education programs. If funds from the higher education coordinating board child care grants program are expended, the child care fund may be used for child care costs of post-secondary education students if there are sufficient funds. The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The commissioner shall require counties to collect and report data that the commissioner deems necessary to evaluate the

effectiveness of the program in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children. The commissioner shall report to the full productivity and opportunity coordinator in each even-numbered year on the effectiveness of the program.

(b) The commissioner shall maximize the use of federal funds under the aid to families with dependent children employment special needs program in section 256.736, subdivision 8, for recipients of aid to families with dependent children who are in education, training, job search, or other activities allowed under that program. Funds appropriated under section 268.91 shall be coordinated with the aid to families with dependent children employment special needs program to accomplish this purpose. Federal funds obtained shall be used to expand the resources in the child care sliding fee program.

Sec. 31. Minnesota Statutes 1986, section 268.91, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION.] (a) ~~By June 1 of each odd-numbered year~~ Consistent with the community social services planning cycle, the commissioner shall notify all county and human services boards of their allocation and the procedures used for the sliding fee program. ~~Allocations must be made by July 1 of each odd-numbered year.~~ If the appropriation is insufficient to meet the needs in all counties, the amount must be prorated among the counties.

~~(b) For the purposes of this section~~ Except for set-aside funds for priority groups as described in subdivision 3a, the commissioner shall allocate money appropriated between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area so that no more than 55 percent of the total appropriation goes to either area after excluding allocations for statewide administrative costs. The commissioner shall allocate 50 percent of the money among counties on the basis of the number of families below the poverty level, as determined from the most recent special census, and 50 percent on the basis of caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner of human services.

(c) Once a quarter, the commissioner shall review the use of child care fund allocations by county. In accordance with the formula found in paragraph (b), the commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full portion. Any unexpended funds from the first year of the biennium may be carried to the second year of the biennium.



Sec. 32. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3a. [SET-ASIDE FUNDS.] The commissioner shall set aside one-third of funds appropriated to be administered as follows:

(a) Set-aside funds shall be allocated among counties based on the basis of the sum of the average monthly number of caretakers receiving aid to families with dependent children under the age of 22 and the average monthly number of aid to families with dependent children cases open 24 or more consecutive months. The sum shall be derived for each fiscal year based on the 12-month period ending March 31 of the previous fiscal year. The commissioner may reallocate unspent set-aside funds to counties which expend their full allocation. The commissioner may allocate set-aside funds based on participation rates of priority groups in employment and training activities, if the commissioner finds that the formula distribution does not allocate funds among counties in a manner which represents voluntary participation levels.

(b) Set-aside funds shall be subject to the same sliding fee schedule and other requirements as the remainder of the sliding fee program.

(c) The county shall use the set-aside funds for persons in the priority groups in the aid to families with dependent children program defined in section 4. The county shall ensure that set-aside funds are controlled by case managers for coordination of child care funding with employment, training, and education programs for the priority groups. The county shall ensure that, through the case manager, priority caretakers are guaranteed set-aside funds for child care assistance as resources permit.

(d) If the commissioner finds, on or after January 1 of a fiscal year, that set-aside funds are not being fully utilized, the commissioner may permit counties to use set-aside funds for recipients of aid to families with dependent children who are not members of the priority groups, as long as priority for use of the funds will continue to be given to the priority groups.

Sec. 33. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3b. [COUNTY PLAN.] (a) The commissioner shall provide counties with the necessary forms and instructions for their community social services plans, as required in section 256E.09. The forms and instructions must incorporate the information necessary to receive child care funds. For calendar years 1987 and 1988, the county agency shall submit an amendment to its approved biennial community social services plan using the forms and instructions provided by the commissioner. Beginning January 1, 1989, the

biennial community social services plan must include the child care fund.

(b) The plan must include: (1) an estimate of the need for child care services for the population defined in section 256E.03, subdivision 2, paragraph (h); (2) an estimate of the number of recipients served in each of the groups defined in subdivision 4; (3) justification, if the county prioritizes among the groups defined in subdivision 4; (4) an estimate of the number of caretaker recipients of aid to families with dependent children who will participate in employment, training, and education activities that will be federally reimbursable under the aid to families with dependent children employment special needs program; (5) the number of recipients of aid to families with dependent children who are in the priority groups defined in subdivision 3, paragraph (c); (6) documentation of the cooperative agreement with the regional service administrator as required under subdivision 3, paragraph (c); (7) descriptions of the types and availability of child care in the county; (8) documentation of any contract with another agency to deliver services under the child care fund; and (9) other information the commissioner considers necessary to administer the program.

For calendar years 1987 and 1988, the commissioner shall certify whether the plan fulfills the purposes and requirements of this section, state and federal law, and the rules of the state agency. On certifying that the plan does not do so, the commissioner shall state the reasons it does not, and the county has 30 days to submit a plan amended to comply with the requirements of the commissioner. If a county fails to resubmit a plan amended as required by the commissioner, the commissioner shall notify the county of the intention to reduce the next quarterly payment by an amount equal to five percent of the county's annual entitlement for each 30-day period during which the county fails to amend the plan as required by the commissioner.

Sec. 34. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3c. [REPORTING AND PAYMENTS.] (a) Counties shall submit on forms prescribed by the commissioner a quarterly financial and program activity report, due 20 calendar days after the end of each quarter. The financial and program activity report must include (1) a detailed accounting of the expenditures and revenues for the program during the preceding quarter by funding source and by group as defined in subdivision 6; (2) a description of activities and concomitant expenditures that are federally reimbursable under the aid to families with dependent children employment special needs program; (3) a description of activities and concomitant expenditures of set-aside funds for priority groups of recipients of aid to families with dependent children; (4) information on funds encumbered at the quarter's end but not yet reimbursable, for use in

adjusting allocations as provided in subdivision 3, paragraph (d); and (5) other data the commissioner considers necessary to account for the program or to evaluate its effectiveness in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children.

(b) The commissioner shall make payments to each county in quarterly installments. The commissioner may certify an advance for the first quarter of the fiscal year. Later payments must be based on actual expenditures as reported in the quarterly financial and program activity report.

(c) The commissioner may withhold, reduce, or terminate the allocation of any county that does not meet the reporting or other requirements of this program. The commissioner shall reallocate to other counties money so reduced or terminated.

Sec. 35. Minnesota Statutes 1986, section 268.91, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ELIGIBILITY.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) receive aid to families with dependent children;

(2) have household income below the eligibility levels for aid to families with dependent children; or

(3) have household income within a range established by the commissioner.

(b) Child care services for the families receiving aid to families with dependent children must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children, but that are not receiving aid to families with dependent children, must be made available without cost to the families.

(c) Child care services to families with incomes in the commissioner's established range must be made available on a sliding fee basis. The lower limit of the sliding fee range must be the eligibility limit for aid to families with dependent children. The upper limit of the range must be neither less than 70 percent nor more than 90 percent of the state median income for a family of four, adjusted for family size.

(d) If a disproportionate amount of the available money is provided to any one of the groups described in subdivision 4, paragraph (a), the county board shall document to the commissioner the reason the group received a disproportionate share. If a county projects that its child care allocation is insufficient to meet the needs of all groups eligible for these funds, it may prioritize new applications among the groups to be served. Set-aside funds shall be prioritized by the state, and counties do not have discretion over the use of these funds.

Sec. 36. Minnesota Statutes 1986, section 268.91, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT OR TRAINING ELIGIBILITY.] (a) Persons who are seeking employment and who are eligible for assistance under this section are eligible to receive the equivalent of one month of child care. Employed persons who work at least ten hours a week and receive at least a minimum wage for all hours worked are eligible for child care assistance.

(b) Persons eligible under this section for child care assistance for education or training must receive assistance for the length of the program or 24 months, whichever is shorter. An education or training program with demonstrated effectiveness may be approved by the commissioner of education and accredited by the appropriate agency as an eligible program including high school or an equivalent program, an English competency program, technical or vocational training, or a four-year or associate degree program participating in employment programs, training programs, or education programs are eligible for assistance from the child care fund, providing they are financially eligible under the sliding fee scale set by the commissioner in subdivision 7.

Sec. 37. Minnesota Statutes 1986, section 268.91, subdivision 6, is amended to read:

Subd. 6. [COUNTY CONTRIBUTION.] (a) In addition to payments from parents, the program must be funded by county contributions. Except for set-aside funds, counties shall contribute five from county tax sources a minimum of 15 percent of the cost of the program in the program's first year and 15 percent in the second and subsequent years. The commissioner may require by rule that a county pay the commissioner the portion of sliding fee allocations paid by the state for which the county is responsible. The county shall advance its portion of sliding fee costs, based upon allocations made by the commissioner for that county for expenditures in the succeeding month. Adjustments of any overestimate or underestimate based on actual expenditures must be made by the commissioner by adjusting the estimate for any succeeding month after subtracting federal financial participation, fees, and other recoveries. The commissioner shall recover from the county as necessary to bring county expenditures into compliance with this subdivision.

(b) The commissioner shall recover from counties any state or federal funds found to be ineligible. If a federal audit exception is taken based on a percentage of federal earnings, all counties shall pay a share proportional to their respective federal earnings during the period in question.

A (c) To receive funds through this program, each county shall certify to the commissioner that the county has not reduced allocations from other federal, state, and county sources, which, in the absence of child care sliding fee or wage subsidy money, would have been available for child care services.

Sec. 38. Minnesota Statutes 1986, section 268.91, subdivision 7, is amended to read:

Subd. 7. [SLIDING FEE SCALE.] The sliding fee scale shall be designed so that the cost of child care to each family is affordable. The commissioner shall take into account basic living expenses of food, housing, and transportation. In setting the sliding fee schedule, the commissioner shall exclude from the amount of income used to determine eligibility an amount for federal and state income and social security taxes attributable to that income level according to federal and state standardized tax tables. The fee schedule must be designed to use any available tax credits and to progress smoothly from appropriated assistance to assistance through tax credits.

Sec. 39. Minnesota Statutes 1986, section 268.911, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner of human services 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.

Sec. 40. [FEDERAL AUTHORITY.]

Subdivision 1. [LEGISLATIVE AUTHORITY.] (a) The commissioner of human services shall seek from the Congress of the United States authority to modify the administration and delivery of the aid to families with dependent children program (AFDC) in Minnesota. The commissioner shall seek authority to:

(1) disregard more earned income of a recipient than currently allowed under United States Code, title 42, section 602(a)(8)(B)(ii). The purpose of this change is to provide an incentive to work and prevent recipients from experiencing a sudden loss of income after four months of employment;

(2) exclude from consideration in computing the income of an AFDC caretaker parent under the age of 18 any income of the parents of the caretaker parent, without regard to the residence of the caretaker parent. The purpose of this change is to allow a minor parent to receive financial assistance while remaining in a supportive home environment;

(3) determine the maximum value of an automobile which can be excluded as an asset under United States Code, title 42, section 602(a)(7)(B)(i). The purpose of this change is to recognize the need of AFDC recipients for reliable transportation in order to participate in work and training and become self-sufficient;

(4) disregard, in computing income, the cost of child care beyond that currently allowed under United States Code, title 42, section 602(a)(8)(A)(iii). The purpose of this change is to recognize the need of AFDC recipients for quality reliable child care in order to participate in work and training and become self-sufficient;

(5) permit a principal earner in a family receiving AFDC-UP to work more than 100 hours per month without being disqualified from the program. The purpose of this change is to recognize the financial reality of AFDC-UP families and to help the families achieve financial security before leaving the program. For the purposes of this subdivision, AFDC-UP refers to AFDC clients who are eligible for assistance because of unemployment as defined under section 256.12, subdivision 14;

(6) require that, as a condition of receiving aid to families with dependent children, minor parents of children six weeks of age and older who have not completed a high school education be required either to attend high school or to work toward a general education diploma as long as necessary child care and transportation services are available to them. Minor parents of children with special health needs are exempt from this requirement;

(7) allow the use of vendor payments for recipients who do not fulfill the conditions of clause (6); and

(8) introduce additional requirements or relax existing requirements to the extent the commissioner deems necessary to construct an AFDC program for Minnesota that increases the possibility of self-sufficiency of recipient families.

(b) In constructing and negotiating modifications under clause (a), the commissioner shall not agree to terms or conditions that infringe on recipients' entitlement to benefits or impede federal financial participation under United States Code, title 42, subchapter IV, part A. The commissioner shall not accept a block grant or lump sum amount of federal money for AFDC in Minnesota

unless the sum is adjusted to protect the state against an increase in the number of recipients during a period of recession.

Subd. 2. [FEDERAL APPROVAL.] The commissioner of human services shall seek federal approval to require that, as a condition of receiving aid to families with dependent children:

(1) minor parents of children six weeks of age and older who have not completed a high school education be required either to attend high school or to work toward a general education diploma as long as necessary child care and transportation services are available to them;

(2) caretakers of children age three and over be required to seek and accept suitable employment or training as long as necessary child care, transportation, and health benefits are available to them;

(3) minor parents not living with relatives be required to live in a group or foster home or, when the case manager determines the need for such services, to participate in a program that teaches skills in parenting and independent living, provided that the described living or counseling opportunities are available to the minor parent; and

(4) all caretakers coming into the program be required to attend orientation and develop a plan to obtain self-sufficiency to the extent that programs and services are available.

Subd. 3. [GRADUATED SANCTIONS.] The commissioner of human services shall seek federal approval to replace the sanctions under section 256.736, subdivision 4, clauses (4)(a) and (4)(d), with the following graduated sanctions:

(1) upon first caretaker refusal, 50 percent of the grant provided to the family shall be made in the form of protective or vendor payments; and

(2) upon second caretaker refusal, the entire grant provided to the family shall be made in the form of protective or vendor payments.

Subd. 4. [EDUCATION EXPENSES.] The commissioner of human services shall seek federal approval to exclude all expenses related to education when determining income for food stamp purposes.

Subd. 5. [DEMONSTRATION PROJECT.] If the commissioner determines that a demonstration project is the most expedient way to achieve the goals of subdivision 2, the commissioner shall apply to the secretary of health and human services for authorization to establish at least one demonstration project under United States Code, title 42, section 645. The commissioner shall request that, for purposes of the demonstration, the secretary waive requirements of

United States Code, title 42, section 602, to the extent allowed under the Code of Federal Regulations, title 45, sections 282.14 to 282.16.

Subd. 6. [IMPLEMENTATION.] If federal approval is obtained to impose additional requirements on AFDC recipients, modifications under this section take precedence over current laws and regulations until July 1, 1988.

## ARTICLE 4

### MENTAL HEALTH

Section 1. [245.461] [POLICY AND CITATION.]

Subdivision 1. [CITATION.] Sections 1 to 25 may be cited as the "Minnesota comprehensive mental health act."

Subd. 2. [MISSION STATEMENT.] The commissioner shall create and ensure a unified, accountable, comprehensive mental health service system that:

(1) recognizes the right of people with mental illness to control their own lives as fully as possible;

(2) promotes the independence and safety of people with mental illness;

(3) reduces chronicity of mental illness;

(4) reduces abuse of people with mental illness;

(5) provides services designed to:

(i) increase the level of functioning of people with mental illness or restore them to a previously held higher level of functioning;

(ii) stabilize individuals with mental illness;

(iii) prevent the development and deepening of mental illness;

(iv) support and assist individuals in resolving emotional problems that impede their functioning;

(v) promote higher and more satisfying levels of emotional functioning; and

(vi) promote sound mental health; and



(6) provides a quality of service that is effective, efficient, appropriate, and consistent with contemporary professional standards in the field of mental health.

Subd. 3. [REPORT.] By February 15, 1988, and annually after that until February 15, 1990, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 1 to 25 and on additional resources needed to further implement those sections.

Sec. 2. [245.462] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 1 to 25.

Subd. 2. [ACUTE CARE HOSPITAL INPATIENT TREATMENT.] "Acute care hospital inpatient treatment" means short-term medical, nursing, and psychosocial services provided in an acute care hospital licensed under chapter 144.

Subd. 3. [CASE MANAGEMENT ACTIVITIES.] "Case management activities" means activities that are part of the community support services program as defined in subdivision 6 and are designed to help people with serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities include obtaining a diagnostic assessment, developing an individual community support plan, referring the person to needed mental health and other services, coordinating services, and monitoring the delivery of services.

Subd. 4. [CASE MANAGER.] "Case manager" means an individual authorized by the county board to provide case management activities as part of a community support services program. A case manager must be qualified at the mental health practitioner level, skilled in the process of identifying and assessing a wide range of client needs, and knowledgeable about local community resources and how to use those resources for the benefit of the client.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people with serious and persistent mental illness to function and remain in the community. A community support services program includes case management activities provided to persons with serious and persistent

mental illness, client outreach, medication management, assistance in independent living skills, development of employability and supportive work opportunities, crisis assistance, psychosocial rehabilitation, help in applying for government benefits, and the development, identification, and monitoring of living arrangements.

Subd. 7. [COUNTY BOARD.] "County board" means the county board of commissioners or board established pursuant to the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 8. [DAY TREATMENT SERVICES.] "Day treatment services" means a structured program of intensive therapeutic and rehabilitative services at least one day a week for a minimum three-hour time block that is provided within a group setting by a multidisciplinary staff under the clinical supervision of a mental health professional. Day treatment services are not a part of inpatient or residential treatment services, but may be part of a community support services program.

Subd. 9. [DIAGNOSTIC ASSESSMENT.] "Diagnostic assessment" means a written summary of the history, diagnosis, strengths, vulnerabilities, and general service needs of a person with mental illness using diagnostic, interview, and other relevant mental health techniques provided by a mental health professional used in developing an individual treatment plan or individual community support plan.

Subd. 10. [EDUCATION AND PREVENTION SERVICES.] "Education and prevention services" means services designed to educate the general public or special high-risk target populations about mental illness, to increase the understanding and acceptance of problems associated with mental illness, to increase people's awareness of the availability of resources and services, and to improve people's skills in dealing with high-risk situations known to affect people's mental health and functioning.

Subd. 11. [EMERGENCY SERVICES.] "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for persons having a psychiatric crisis or emergency.

Subd. 12. [INDIVIDUAL COMMUNITY SUPPORT PLAN.] "Individual community support plan" means a written plan developed by a case manager on the basis of a diagnostic assessment. The plan identifies specific services needed by a person with serious and persistent mental illness to develop independence or improved functioning in daily living, health and medication management, social functioning, interpersonal relationships, financial management, housing, transportation, and employment.

Subd. 13. [INDIVIDUAL PLACEMENT AGREEMENT.] "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of an individual client to provide residential treatment services.

Subd. 14. [INDIVIDUAL TREATMENT PLAN.] "Individual treatment plan" means a written plan of intervention, treatment, and services for a person with mental illness that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individual responsible for providing treatment to the person with mental illness.

Subd. 15. [LOCAL MENTAL HEALTH PROPOSAL.] "Local mental health proposal" means the proposal developed by the county board, reviewed by the commissioner, and described in section 18.

Subd. 16. [MENTAL HEALTH FUND.] "Mental health fund" means the state appropriation made to carry out sections 1 to 25 and the mental health share of Minnesota's allocation under title XX and United States Code, title 42, sections 300X to 300X-9, as described in section 19.

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and has 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields formally assigned to an agency or facility for clinical training by an accredited college or university;

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university with less than 4,000 hours post-master's experience in the treatment of mental illness; or

(5) for purposes of case management only, has education or supervised experience less than in clauses (1) to (4) but receives 40 hours of training before assuming duties as a mental health practi-

tioner and receives weekly face-to-face supervision regarding the provision of services to persons with mental illness from the mental health professional supervising the community support program.

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to 148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Subd. 19. [MENTAL HEALTH SERVICES.] "Mental health services" means all of the treatment services and management activities that are provided to persons with mental illness and are described in sections 8 to 16.

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A "person with acute mental illness" means a person who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of sections 1 to 25, a "person with serious and persistent mental illness" means a person who has a mental illness and meets at least one of the following criteria:

(1) The person has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months.

(2) The person has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months.

(3) The person has had a history of recurring inpatient or residential treatment episodes of a frequency described in clause (1) or (2), but not within the preceding 24 months. There must also be a written opinion of a mental health professional stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment unless an ongoing community support services program is provided.

Subd. 21. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to persons with a mental illness who live outside a hospital or residential treatment setting. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 22. [REGIONAL TREATMENT CENTER INPATIENT SERVICES.] "Regional treatment center inpatient services" means the medical, nursing, or psychosocial services provided in a regional treatment center operated by the state.

Subd. 23. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day residential program under the clinical supervision of a mental health professional, other than an acute care hospital or regional treatment center, which must be licensed as a residential treatment facility for mentally ill persons under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule adopted by the commissioner.

Subd. 24. [SERVICE PROVIDER.] "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides mental health services funded by sections 1 to 25.

Subd. 25. [CLINICAL SUPERVISION.] "Clinical supervision," when referring to the responsibilities of a mental health professional, means the oversight responsibility of a mental health professional for individual treatment plans, service delivery, and program activities. Clinical supervision may be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by the mental health professional cosigning individual treatment plans and evidence of input into service delivery and program development.

Sec. 3. [245.463] [PLANNING FOR A MENTAL HEALTH SYSTEM.]

Subdivision 1. [PLANNING EFFORT.] Starting on the effective date of sections 1 to 25 and ending June 30, 1988, the commissioner and the county agencies shall plan for the development of a unified, accountable, and comprehensive statewide mental health system. The system must be planned and developed by stages until it is operating at full capacity.

Subd. 2. [TECHNICAL ASSISTANCE.] The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section 18, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of persons with mental illness residing in the county and extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

Sec. 4. [245.464] [COORDINATION OF MENTAL HEALTH SYSTEM.]

Subdivision 1. [MENTAL HEALTH FUND.] Effective July 1, 1988, a mental health fund is established under the supervision of the commissioner. The commissioner shall use the mental health fund to help county boards develop, maintain, and fund affordable and locally available mental health services in accordance with sections 1 to 25 and local mental health service proposals approved by the commissioner.

Subd. 2. [SUPERVISION.] The commissioner shall supervise the development and coordination of locally available mental health services by the county boards in a manner consistent with sections 1 to 25. The commissioner shall coordinate locally available services with those services available from the regional treatment center serving the area. The commissioner shall review local mental health service proposals developed by county boards as specified in section 18, allocate mental health funds to county boards according to section 19, and provide technical assistance to county boards in developing and maintaining locally available mental health ser-

vices. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's mental health proposals, quarterly reports, and other information as required by sections 1 to 25.

Subd. 3. [PRIORITIES.] By January 1, 1990, the commissioner shall require that each of the treatment services and management activities described in sections 8 to 16 are developed for persons with mental illness within available resources based on the following ranked priorities:

(1) the provision of locally available emergency services;

(2) the provision of locally available services to all persons with serious and persistent mental illness and all persons with acute mental illness;

(3) the provision of specialized services regionally available to meet the special needs of all persons with serious and persistent mental illness and all persons with acute mental illness;

(4) the provision of locally available services to persons with other mental illness; and

(5) the provision of education and preventive mental health services targeted at high-risk populations.

Sec. 5. [245.465] [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of the mental health fund allocated by the commissioner according to a biennial local mental health service proposal approved by the commissioner. The county board must:

(1) develop and coordinate a system of affordable and locally available mental health services in accordance with sections 6 to 14;

(2) provide for case management services to persons with serious and persistent mental illness in accordance with section 15;

(3) provide for screening of persons specified in section 16 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; and

(4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 1 to 25.

Sec. 6. [245.466] [LOCAL SERVICE DELIVERY SYSTEM.]

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using the mental health fund to develop and coordinate a system of locally available and affordable mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 1 to 25 during the period July 1, 1987, to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 1 to 25 by January 1, 1990, according to the priorities established in section 4 and local mental health services proposal approved by the commissioner under section 18.

Subd. 2. [MENTAL HEALTH SERVICES.] The mental health service system developed by each county board must include the following treatment services:

- (1) education and prevention services in accordance with section 8;
- (2) emergency services in accordance with section 9;
- (3) outpatient services in accordance with section 10;
- (4) community support program services in accordance with sections 11 and 15;
- (5) residential treatment services in accordance with section 12;
- (6) acute care hospital inpatient treatment services in accordance with section 13; and
- (7) regional treatment center inpatient services in accordance with section 14.

Subd. 3. [LOCAL CONTRACTS.] Effective January 1, 1988, the county board shall review all proposed county agreements, grants, or other contracts related to mental health services for funding from any local, state, or federal governmental sources. Contracts with service providers must:

- (1) name the commissioner as a third party beneficiary;



(2) identify monitoring and evaluation procedures not in violation of the Minnesota government data practices act, chapter 13, which are necessary to ensure effective delivery of quality services;

(3) include a provision that makes payments conditional on compliance by the contractor and all subcontractors with sections 1 to 25 and all other applicable laws, rules, and standards; and

(4) require financial controls and auditing procedures.

Subd. 4. [JOINT COUNTY MENTAL HEALTH AGREEMENTS.] In order to provide efficiently the services required by sections 1 to 25, counties are encouraged to join with one or more county boards to establish a multicounty local mental health authority pursuant to the joint powers act, section 471.59, the human service board act, sections 402.01 to 402.10, community mental health center provisions, section 245.62, or enter into multicounty mental health agreements. Participating county boards shall establish acceptable ways of apportioning the cost of the services.

Subd. 5. [LOCAL ADVISORY COUNCIL.] The county board, individually or in conjunction with other county boards, shall establish a local mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a person with mental illness, one mental health professional, and one community support services program representative. The local mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local advisory council or mental health subcommittee of an existing advisory council shall arrange for input from the regional treatment center review board regarding coordination of care between the regional treatment center and community-based services. The county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Subd. 6. [OTHER LOCAL AUTHORITY.] The county board may establish procedures and policies that are not contrary to those of the commissioner or sections 1 to 25 regarding local mental health services and facilities. The county board shall perform other acts necessary to carry out sections 1 to 25.

Sec. 7. [245.467] [QUALITY OF SERVICES.]

Subdivision 1. [CRITERIA.] Mental health services required by this chapter must be:

- (1) based, when feasible, on research findings;
- (2) based on individual clinical needs, cultural and ethnic needs, and other special needs of individuals being served;
- (3) provided in the most appropriate, least restrictive setting available to the county board;
- (4) accessible to all age groups;
- (5) delivered in a manner that provides accountability;
- (6) provided by qualified individuals as required in this chapter;
- (7) coordinated with mental health services offered by other providers; and
- (8) provided under conditions which protect the rights and dignity of the individuals being served.

Subd. 2. [DIAGNOSTIC ASSESSMENT.] All providers of residential, acute care hospital inpatient and regional treatment centers must complete a diagnostic assessment for each of their clients within five days of admission. Providers of outpatient and day treatment services must complete a diagnostic assessment within ten days of admission. In cases where a diagnostic assessment is available and has been completed within 90 days preceding admission, only updating is necessary.

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All providers of outpatient, residential, acute care hospital inpatient and all regional treatment centers must develop an individual treatment plan for each of their clients. The individual treatment plan must be based on a diagnostic assessment. To the extent possible, the client shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten days of client intake and reviewed every 90 days thereafter.

Sec. 8. [245.468] [EDUCATION AND PREVENTION SERVICES.]

By July 1, 1988, county boards must provide or contract for education and prevention services to persons residing in the county. Education and prevention services must be designed to:

- (1) convey information regarding mental illness and treatment resources to the general public or special high-risk target groups;

(2) increase understanding and acceptance of problems associated with mental illness;

(3) improve people's skills in dealing with high-risk situations known to have an impact on people's mental health functioning; and

(4) prevent development or deepening of mental illness.

Sec. 9. [245.469] [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.] By July 1, 1988, county boards must provide or contract for enough emergency services within the county to meet the needs of persons in the county who are experiencing an emotional crisis or mental illness. Clients may be required to pay a fee based on their ability to pay. Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of people with mental illness or emotional crises;

(2) minimize further deterioration of people with mental illness or emotional crises;

(3) help people with mental illness or emotional crises to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services provide immediate direct access to mental health professionals during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or a designated person with training in human services who is under the supervision of a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for consultation within 30 minutes.

Sec. 10. [245.470] [OUTPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.] By July 1, 1988, county boards must provide or contract for enough outpatient services within the county to meet the needs of persons with mental illness residing in the county. Clients may be required to pay a fee based on their ability to pay. Outpatient services include:

- (1) conducting diagnostic assessments;
- (2) conducting psychological testing;
- (3) developing or modifying individual treatment plans;
- (4) making referrals and recommending placements as appropriate;
- (5) treating a person's mental health needs through therapy;
- (6) prescribing and managing medication; and
- (7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of outpatient services:

- (1) meet the professional qualifications contained in sections 1 to 25;
- (2) use a multidisciplinary mental health professional staff including at a minimum, arrangements for psychiatric consultation, licensed consulting psychologist consultation, and other necessary multidisciplinary mental health professionals;
- (3) develop individual treatment plans;
- (4) provide initial appointments within three weeks, except in emergencies where there must be immediate access as described in section 9; and
- (5) establish fee schedules approved by the county board that are based on a client's ability to pay.

Sec. 11. [245.471] [COMMUNITY SUPPORT SERVICES PROGRAM.]

Subdivision 1. [AVAILABILITY OF COMMUNITY SUPPORT SERVICES PROGRAM.] By July 1, 1988, county boards must provide or contract for sufficient community support services within the county to meet the needs of persons with serious and persistent mental illness residing in the county. Clients may be required to pay a fee. The county board shall require that all service providers of community support services set fee schedules approved by the county board which are based on the client's ability to pay. The community support services program must be designed to improve the ability of persons with serious and persistent mental illness to:

- (1) work in a regular or supported work environment;
- (2) handle basic activities of daily living;
- (3) participate in leisure time activities;
- (4) set goals and plans;
- (5) obtain and maintain appropriate living arrangements; and
- (6) reduce the use of more intensive, costly, or restrictive placements both in number of admissions and lengths of stay as determined by client need.

Subd. 2. [CASE MANAGEMENT ACTIVITIES.] (a) By January 1, 1989, case management activities must be developed as part of the community support program available to all persons with serious and persistent mental illness residing in the county. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must at a minimum qualify as a mental health practitioner.

(b) All providers of case management activities must develop an individual community support plan. The individual community support plan must state for each of their clients:

- (1) the goals of each service;
- (2) the activities for accomplishing each goal;
- (3) a schedule for each activity; and
- (4) the frequency of face-to-face client contacts, as appropriate to client need and the implementation of the community support plan.

The individual community support plan must incorporate the individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of client intake and reviewed every 90 days after it is developed. The case manager is responsible for developing the individual community support plan based on a diagnostic assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the person with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual community support plan.

Subd. 3. [DAY TREATMENT ACTIVITIES PROVIDED.] (a) By July 1, 1989, day treatment activities must be developed as a part of the community support program available to persons with serious and persistent mental illness residing in the county. Day treatment services must be available to persons with serious and persistent mental illness residing in the county as part of the community support program of each county. Clients may be required to pay a fee. Day treatment services must be designed to:

- (1) provide a structured environment for treatment;
- (2) provide family and community support;
- (3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need; and
- (4) establish fee schedules approved by the county board that are based on a client's ability to pay.

(b) County boards may request a waiver from including day treatment services if they can document that:

- (1) an alternative plan of care exists through the county's community support program for clients who would otherwise need day treatment services;
- (2) that day treatment, if included, would be duplicative of other components of the community support program; and
- (3) that county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Subd. 4. [BENEFITS ASSISTANCE.] By July 1, 1988, help in applying for federal benefits, including supplemental security income, medical assistance, and Medicare, must be offered as a part of the community support program available to individuals with serious and persistent mental illness for whom the county is financially responsible and who may qualify for these benefits. The county board must offer help in applying for federal benefits to all persons with serious and persistent mental illness.

Sec. 12. [245.472] [RESIDENTIAL TREATMENT SERVICES.]

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] By July 1, 1988, county boards must provide or contract for enough residential treatment services to meet the needs of all persons with mental illness residing in the county. Residential treatment services include both intensive and structured residential treatment with length of stay based on client residential treatment

need. Services must be as close to the county as possible. Residential treatment must be designed to:

- (1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs;
- (2) help clients achieve the highest level of independent living;
- (3) help clients gain the necessary skills to be referred to a community support services program or outpatient services; and
- (4) stabilize crisis admissions.

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of residential services must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional.

Sec. 13. [245.473] [ACUTE CARE HOSPITAL INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF ACUTE CARE INPATIENT SERVICES.] By July 1, 1988, county boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible to meet the needs of persons with mental illness residing in the county. Acute care hospital inpatient treatment services must be designed to:

- (1) stabilize the medical condition of people with acute or serious and persistent mental illness;
- (2) improve functioning; and
- (3) facilitate appropriate referrals, follow-up, and placements.

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of acute care hospital inpatient services must meet applicable standards established by the commissioner of health.

Sec. 14. [245.474] [REGIONAL TREATMENT CENTER INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF REGIONAL TREATMENT CENTER INPATIENT SERVICES.] By July 1, 1987, the commissioner shall make sufficient regional treatment center inpatient services available to people with mental illness throughout the state. Regional treatment centers are responsible to:

(1) stabilize the medical condition of the person with mental illness;

(2) improve functioning;

(3) strengthen family and community support; and

(4) facilitate appropriate discharge, aftercare, and follow-up placements in the community.

Subd. 2. [QUALITY OF SERVICE.] The commissioner shall biennially determine the needs of all mentally ill patients served by regional treatment centers by administering a client-based evaluation system. The client-based evaluation system must include at least the following independent measurements: behavioral development assessment; habilitation program assessment; medical needs assessment; maladaptive behavioral assessment; and vocational behavior assessment. The commissioner shall propose staff ratios to the legislature for the mental health and support units in regional treatment centers as indicated by the results of the client-based evaluation system. The proposed staffing ratios shall include professional, nursing, direct care, medical, clerical, and support staff based on the client-based evaluation system. The commissioner shall recompute staffing ratios and recommendations on a biennial basis.

Sec. 15. [245.475] [COUNTY RESPONSIBILITY TO PROVIDE COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [CLIENT ELIGIBILITY.] The county board shall provide case management and other appropriate community support services to all persons with serious and persistent mental illness. Persons who qualify for general assistance or general assistance medical care under chapter 256D and who apply to the county board for services under this section or section 16 shall have their case management and community support services funded through the mental health fund if neither third party, medical assistance, nor client fees are available to cover the cost of service. Case management services provided to people with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under section 28.

Subd. 2. [DESIGNATION OF CASE MANAGER.] The county board shall designate a case manager within five working days after receiving an application for community support services or immediately after authorizing payment for residential, acute care hospital inpatient, or regional treatment center services under section 16.

The county board shall send a written notice to the applicant and the applicant's representative, if any, that identifies the designated case manager.



Subd. 3. [DIAGNOSTIC ASSESSMENT.] The case manager shall promptly arrange for a diagnostic assessment of the applicant when one is not available as described in section 7, subdivision 2, to determine the applicant's eligibility as a person with serious and persistent mental illness for community support services. The county board shall notify in writing the applicant and the applicant's representative, if any, if the applicant is determined ineligible for community support services.

Subd. 4. [COMMUNITY SUPPORT SERVICES.] Upon a determination of eligibility for community support services, the case manager shall develop an individual community support plan as specified in section 11, subdivision 2, paragraph (b), arrange and authorize payment for appropriate community support services, review the client's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

**Sec. 16. [245.476] [SCREENING FOR INPATIENT AND RESIDENTIAL TREATMENT.]**

Subdivision 1. [CLIENT ELIGIBILITY.] The county board shall pay the cost of residential and acute care hospital inpatient services determined by the county board to be necessary under subdivision 2 to all persons with mental illness who apply to the county board for services under this section and qualify for general assistance, general assistance medical care, and Minnesota supplemental aid under chapter 256D, except for those persons who are eligible for medical assistance coverage of inpatient hospital services under chapter 256B.

Subd. 2. [SCREENING REQUIRED.] By January 1, 1989, the county board shall screen all persons before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital inpatient, or informally admitted to a regional treatment center if the mental health fund, medical assistance, or the regional treatment center account is used to pay for the services. Screening prior to admission must occur within ten days. If a person is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. Persons must be screened within ten days before or within five days after admission to ensure that: (1) an admission is necessary, (2) the length of stay is as short as possible consistent with individual client need, and (3) a case manager is immediately assigned to individuals with serious and persistent mental illness and an individual community support plan is developed. A county board representative authorized to approve the use of the mental health fund must be

involved in the placement decision when the mental health professional conducting the screening is not a county employee authorized to approve the use of the mental health fund. The screening process and placement decision must be documented.

Subd. 3. [QUALIFICATIONS.] Screening for residential and inpatient services must be conducted by a mental health professional. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center.

Subd. 4. [INDIVIDUAL PLACEMENT AGREEMENT.] The county board shall enter into an individual placement agreement with a provider of residential services to a person eligible for services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Sec. 17. [245.477] [APPEALS.]

Any person whose application for mental health services under section 15 or 16 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated may contest that action before the state agency as specified in section 256.045.

Sec. 18. [245.478] [LOCAL MENTAL HEALTH PROPOSAL.]

Subdivision 1. [TIME PERIOD.] The first local mental health proposal period is from July 1, 1988, to December 31, 1989. The county board shall submit its first proposal to the commissioner by January 1, 1988. Subsequent proposals must be on the same two-year cycle as community social service plans required by section 256E.09. The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Subd. 2. [PROPOSAL CONTENT.] The local mental health proposal must include:

(1) the local mental health advisory council's or mental health subcommittee of an existing advisory council's report on unmet needs and any other needs assessment used by the county board in preparing the local mental health proposal;

(2) a description of the local mental health advisory council's or the mental health subcommittee of an existing advisory council's involvement in preparing the local mental health proposal and methods used by the county board to obtain participation of citizens,

mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of clients who received each of the mental health services listed in sections 8 to 16, and actual expenditures and revenues for each mental health service;

(4) for the first proposal period only, information for the year during which the proposal is being prepared:

(i) a description of the current mental health system identifying each mental health service listed in sections 8 to 16;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery, that is either the sole provider of one of the treatment services or management activities described in sections 8 to 16 or that provides over \$10,000 of mental health services per year;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures and revenues for each mental health service; and

(5) the following information describing how the county board intends to meet the requirements of sections 1 to 25 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 8 to 16;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the treatment services or management activities described in sections 8 to 16 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery;

(iii) a description of how the mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each mental health service; and

(v) estimated expenditures and revenues for each mental health service.

Subd. 3. [PROPOSAL FORMAT.] The local mental health proposal must be made in a format prescribed by the commissioner.

Subd. 4. [PROVIDER APPROVAL.] The commissioner's review of the local mental health proposal must include a review of the qualifications of each service provider required to be identified in the local mental health proposal under subdivision 2. The commissioner may reject a county board's proposal for a particular provider if:

(1) the provider does not meet the professional qualifications contained in sections 1 to 25;

(2) the provider does not possess adequate fiscal stability or controls to provide the proposed services as determined by the commissioner; or

(3) the provider is not in compliance with other applicable state laws or rules.

Subd. 5. [SERVICE APPROVAL.] The commissioner's review of the local mental health proposal must include a review of the appropriateness of the amounts and types of mental health services in the local mental health proposal. The commissioner may reject the county board's proposal if the commissioner determines that the amount and types of services proposed are not cost effective, do not meet client needs, or do not comply with sections 1 to 25.

Subd. 6. [PROPOSAL APPROVAL.] The commissioner shall review each local mental health proposal within 90 days and work with the county board to make any necessary modifications to comply with sections 1 to 25. After the commissioner has approved the proposal, the county board is eligible to receive an allocation from the mental health fund as described in section 19.

Subd. 7. [PARTIAL OR CONDITIONAL APPROVAL.] If the local mental health proposal is in substantial, but not in full compliance with sections 1 to 25 and necessary modifications cannot be made before the proposal period begins, the commissioner may grant partial or conditional approval and withhold a proportional share of the county board's mental health fund allocation until full compliance is achieved.

Subd. 8. [AWARD NOTICE.] Upon approval of the county board proposal, the commissioner shall send a notice of approval for funding. The notice must specify any conditions of funding and is binding on the county board. Failure of the county board to comply

with the approved proposal and funding conditions may result in withholding or repayment of funds as specified in section 21.

Subd. 9. [PLAN AMENDMENT.] If the county board finds it necessary to make significant changes in the approved local proposal, it must present the proposed changes to the commissioner for approval at least 60 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single mental health service to vary more than ten percent from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per mental health service to exceed more than ten percent of the total mental health services expenditures; or

(4) the county board proposes a major change in the specific objectives and outcome goals listed in the approved local proposal.

Sec. 19. [245.479] [MENTAL HEALTH FUND.]

Subdivision 1. [DEFINITION.] For purposes of this section, "net cost" means the county board's expenditures for services to persons with mental illness, less all offsetting credits other than the mental health fund itself. These offsetting credits include refunds, cancellations, third-party fees, recoveries and similar funds, and state and federal funds other than the mental health fund. These offsetting credits do not include state equalization aid or county board tax dollars. "Net cost" does not include the county share for medical assistance or for inpatient treatment at a state regional treatment center. County expenditures for facilities for emotionally disturbed children licensed under Minnesota Rules, parts 9545.0900 to 9545.1090, are considered expenditures for services to persons with mental illness.

Subd. 2. [PAYMENT LIMITS.] Payments to each county from the mental health fund are limited to the lesser of:

(1) 75 percent of the county's net cost as defined in subdivision 1 and as described in the approved local proposal; or

(2) the total allocated under subdivisions 4 to 7.

Subd. 3. [TIME PERIOD FOR ALLOCATIONS.] The first allocations from the mental health fund must be for the six-month period

July 1 to December 31, 1988. Later allocations must be on a calendar year basis.

Subd. 4. [BASE LEVEL ALLOCATIONS.] Each county's annual allocation from the mental health fund must include an amount at least equal to the sum of the following amounts for persons with mental illness who were the financial responsibility of the county board:

(1) the state funds expended by or for the county board under Minnesota Statutes 1986, sections 245.73 and 256E.12 in fiscal year 1987, with the exclusion of grants made for special one-time projects, the exclusion of grants for programs closed in 1987 and 1988, and with the addition of an annualized equivalent of grants made for new programs opening in 1987 or 1988;

(2) the federal mental health block grant funds allocated for the county board under Minnesota Statutes 1986, section 245.713, subdivision 1, in calendar year 1987;

(3) the state funds expended by or for the county board under Minnesota Statutes 1986, sections 256D.06 and 256D.37, for negotiated rates for adults with mental illness in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 in fiscal year 1987, minus funds expended for facilities closed in 1987 or 1988, plus an annualized equivalent for new facilities approved by the commissioner to open in 1987 or 1988;

(4) the state funds expended by or for the county board under Minnesota Statutes 1986, section 256D.03, for mental health services excluding drugs provided in fiscal year 1986, under the general assistance medical care program; and

(5) 20 percent of the county board's community social services allocation under Minnesota Statutes 1986, section 256E.06 for calendar year 1987.

Subd. 5. [TITLE XX ALLOCATION.] In addition to the allocation under subdivision 4, 20 percent of each county's title XX allocation under section 256E.07 is designated for mental health and is considered a part of the mental health fund.

Subd. 6. [ALLOCATION OF INCREASED FUNDS.] If the state-wide total available for allocation under this section is more than the amount in subdivision 4 and the reserve fund in subdivision 7, the increased funds must be distributed on the basis of the number of persons residing in each county as determined by the most recent data of the state demographer.

Subd. 7. [RESERVE FUND.] The commissioner shall set aside up to five percent of each mental health fund appropriation for a reserve fund. In addition, the reserve fund must include funds returned from counties under section 22. The commissioner shall make allocations from the reserve fund on the following criteria:

(1) the approved local proposal must show that the county board's allocation under subdivisions 4 to 6 will be less than 70 percent of the county board's net cost, or the county board provides new information showing that an unexpected increase in the need or cost of mental health services will result in the county board's mental health fund allocation falling below 70 percent of the county board's net cost;

(2) based on past performance, the county board must demonstrate ability to use funds in a cost-effective way to provide quality services;

(3) the county board and its contractors must use third-party fees, appropriate client fees, and other alternate funds wherever reasonably possible; and

(4) the county board has chosen services and vendors that are cost effective and appropriate to client needs.

Subd. 8. [PAYMENTS TO COUNTY BOARDS.] After the commissioner has approved an allocation from the mental health fund, payments must be on a quarterly basis. Each payment must include the estimated mental health fund share for the current quarter and an adjustment based on the actual mental health fund share for the preceding quarter. The commissioner shall make a payment only after receiving a completed expenditure report for the preceding quarter.

Subd. 9. [MAINTENANCE OF EFFORT.] If the county board's share of the net costs, as determined under subdivision 2, is less than the base level in subdivision 10, the state payment which would otherwise be made under subdivision 2 must be reduced by an amount equal to one-half of the reduction in county tax dollars.

Subd. 10. [COUNTY TAX DOLLARS BASE LEVEL.] The base level of county tax dollars for mental health services for each county includes the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness:

(1) plus the total for Rule 5 facilities under target populations other than mental illness in the approved 1987 CSSA plan,

(2) minus the county share for regional treatment center services as identified in the approved 1987 CSSA plan for services to persons with mental illness,

(3) minus 20 percent of the county's state CSSA and title XX allocation for calendar year 1987,

(4) plus the county match for the general assistance, Minnesota supplemental aid, and general assistance medical care state funds, as identified in subdivision 4.

Subd. 11. [COUNTY OF FINANCIAL RESPONSIBILITY.] For purposes of section 16, the county of financial responsibility is the same as that for community social services under section 256E.08, subdivision 7. Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with section 256D.18, subdivision 4.

Sec. 20. [245.481] [TRANSFER OF FUNDS.]

Subdivision 1. [BETWEEN APPROPRIATIONS.] To establish the mental health fund, the appropriations for fiscal year 1989 must include a transfer of funds into the mental health fund from the appropriations under sections 256D.03, 256D.06, 256D.37, and 256E.06; and Minnesota Statutes 1986, sections 245.73 and 256E.12. The amount transferred must be based on the statewide total of the base level amounts identified from these appropriations for each county under section 19, subdivision 4. The commissioner may adjust the transfers in the appropriation bill for fiscal year 1989 if new data regarding the base level amounts demonstrates that a different proportion of the affected appropriation is being used for services to persons with mental illness. The amount transferred must include an adjustment to reflect relevant legislative changes in each appropriation from the base period to fiscal year 1989.

Subd. 2. [CSSA AND GAMC TRANSFER.] One-fourth of the annual amounts that would otherwise be transferred under subdivision 1 from the appropriations for community social services and general assistance medical care must be retained by those appropriations to pay for obligations from the preceding fiscal year. The remaining transfer to the mental health fund must be completed in fiscal year 1990.

Subd. 3. [BETWEEN FISCAL YEARS.] Funds appropriated to the commissioner for mental health services for fiscal year 1988 are available for expenditure in fiscal year 1989.

Subd. 4. [LATER APPROPRIATIONS.] Each appropriation for the mental health fund after fiscal year 1989 shall include an increase at least equal to the projected increase in overall national consumer prices as determined by the commissioner of finance.



Subd. 5. [TRANSFER OF INCREASED SHARE OF INPATIENT COSTS.] At the beginning of fiscal year 1990 and each later year, the commissioner shall:

(1) estimate the total receipts from counties for mental health inpatient services under sections 246.54 and 256B.19;

(2) subtract from the total receipts in clause (1) an estimate of what the receipts would have been under Minnesota Statutes 1986, sections 246.54 and 256B.19; and

(3) transfer state funds equal to the increased receipts calculated in clause (2) from the medical assistance account to the mental health fund appropriation. The transfer shall increase the amount otherwise available for allocation to counties under section 19, subdivision 6. Allocations from this transfer are not subject to the maintenance of effort requirements in section 19, subdivision 9.

Sec. 21. [245.482] [REPORTING AND EVALUATION.]

Subdivision 1. [FISCAL REPORTS.] The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 1 to 25 and section 256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 days after the end of each quarter.

Subd. 2. [PROGRAM REPORTS.] The commissioner shall develop a unified format for a semiannual program report that will include information that the commissioner determines necessary to carry out sections 1 to 25 and section 256E.10. The county board shall submit a completed program report in the required format no later than 75 days after each six-month period.

Subd. 3. [PROVIDER REPORTS.] The commissioner may develop a format and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 1 to 25. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4. [INACCURATE OR INCOMPLETE REPORTS.] The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5. [STATEWIDE EVALUATION.] The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section 1.

Sec. 22. [245.483] [TERMINATION OR RETURN OF AN ALLOCATION.]

Subdivision 1. [FUNDS NOT NEEDED.] If the commissioner determines that funds are not needed to carry out an approved local proposal, or that a county board's projected expenditures will not be sufficient to qualify for its entire mental health fund allocation, and if the county board agrees the funds are not needed, the county board shall immediately return the unneeded funds. County board agreement is not needed when the county's final expenditure report for the year indicates that the county's actual expenditures were not sufficient to qualify for its entire mental health fund allocation.

Subd. 2. [FUNDS NOT PROPERLY USED.] If the commissioner determines that a county is not meeting the requirements of sections 1 to 25 or that funds are not being used according to the approved local proposal, all or part of the mental health fund allocation may be terminated upon 30 days notice to the county board. The commissioner may require repayment of any funds not used according to the approved local proposal. If the commissioner receives a written appeal from the county board within the 30-day period, opportunity for a hearing under the Minnesota administrative procedure act, chapter 14, must be provided before the allocation is terminated or is required to be repaid. The 30-day period begins when the county board receives the commissioner's notice by certified mail.

Subd. 3. [USE OF RETURNED FUNDS.] The commissioner may reallocate the funds returned under subdivision 1 or 2 through the reserve fund under section 19, subdivision 7.

Subd. 4. [DELAYED PAYMENTS.] If the commissioner finds that a county board or its contractors are not in compliance with the approved local proposal or sections 1 to 25, the commissioner may delay all or part of the quarterly mental health fund payment until the county board and its contractors meet the requirements. The commissioner shall not delay a payment longer than three months without first issuing a notice under subdivision 2 that all or part of the allocation will be terminated or required to be repaid. After this notice is issued, the commissioner may continue to delay the payment until completion of the hearing in subdivision 2.

Subd. 5. [STATE ASSUMPTION OF RESPONSIBILITY.] If the commissioner determines that services required by sections 1 to 25 will not be provided by the county board in the manner or to the extent required by sections 1 to 25, the commissioner shall contract directly with providers to ensure that clients receive appropriate

services. In this case, the commissioner shall use the county board's mental health fund allocation to the extent necessary to carry out the county's responsibilities under sections 1 to 25. In addition, the commissioner shall transfer from the county's community social service allocation under Minnesota Statutes 1986, section 256E.06, an amount equal to the county match which would otherwise have been required by sections 1 to 25. The commissioner shall work with the county board to allow for a return of authority and responsibility to the county board as soon as compliance with sections 1 to 25 can be assured.

Sec. 23. [245.484] [RULES.]

The commissioner shall adopt permanent rules as necessary to carry out this act.

Sec. 24. [245.485] [NO RIGHT OF ACTION.]

Sections 1 to 23 do not independently establish a right of action on behalf of recipients of services or service providers against a county board or the commissioner. A claim for monetary damages must be brought under section 3.736 or 3.751.

Sec. 25. [LIMITED APPROPRIATIONS.]

Nothing in sections 1 to 24 shall be construed to require the commissioner or county boards to fund services beyond the limits of legislative appropriations.

Sec. 26. Minnesota Statutes 1986, section 245.713, subdivision 2, is amended to read:

Subd. 2. [TOTAL FUNDS AVAILABLE; REDUCTIONS ALLOCATION.] The amount of funds available for allocation to counties for use by qualified community mental health centers shall be the total amount of Funds granted to the state by the federal government under United States Code, title 42, sections 300X to 300X-9 each federal fiscal year for mental health services reduced by the sum of the following shall be allocated as follows:

(a) Any amount set aside by the commissioner of human services for Indian ~~tribal~~ organizations within the state, which funds shall not duplicate any direct federal funding of Indian ~~tribal~~ organizations and which funds shall ~~not exceed~~ be at least 25 percent of the total ~~block grant~~ federal allocation to the state for mental health services; provided that sufficient applications for funding are received by the commissioner which meet the specifications contained in requests for proposals and, money from this source may be used for special committees to advise the commissioner on mental health programs and services for American Indians and other minorities or

underserved groups; and. For purposes of this subdivision, "Indian organization" means an Indian tribe or band or an organization providing mental health services which is legally incorporated as a nonprofit organization registered with the secretary of state and governed by a board of directors having at least a majority of Indian directors.

(b) Any amount calculated into the base of the block grant that is made available by the commissioner for qualified community mental health centers that were receiving grants for operations or other continuing grant obligations defined in United States Code, title 42, sections 300X to 300X-9 immediately prior to its enactment.

(e) An amount not to exceed ten percent of the total allocation for mental health services to be retained by the commissioner for administration.

(d) (c) Any amount permitted under federal law which the commissioner approves for demonstration or research projects for severely disturbed children and adolescents, the underserved, special populations or multiply disabled mentally ill persons. The groups to be served, the extent and nature of services to be provided, the amount and duration of any grant awards are to be based on criteria set forth in the Alcohol, Drug Abuse and Mental Health Block Grant Law, United States Code, title 42, sections 300X to 300X-9, and on state policies and procedures determined necessary by the commissioner. Grant recipients must comply with applicable state and federal requirements and demonstrate fiscal and program management capabilities that will result in provision of quality, cost-effective services.

(e) (d) The amount required under federal law, for federally mandated expenditures.

(e) An amount not to exceed ten percent of the total allocation for mental health services to be retained by the commissioner for planning and evaluation.

Sec. 27. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to

14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the pur-

pose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) To the extent authorized by rule of the state agency, case management services to persons with serious and persistent mental illness; and

(19) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20.

Sec. 28. Minnesota Statutes 1986, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections 245.61 to 245.69, subdivision 1, and funded through chapter 256E and for prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.



(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section 256.966, subdivision 2.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

(e) Chemical dependency services that are reimbursed under Laws 1986, chapter 394, sections 8 to 20, must not be reimbursed under general assistance medical care.

(f) Mental health services that are reimbursed under the mental health fund, sections 1 to 25, must not be reimbursed under general assistance medical care.

Sec. 29. Minnesota Statutes 1986, section 256D.06, subdivision 3, is amended to read:

Subd. 3. When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, or when a recipient is living in a state hospital or, nursing home, or facility for adults with mental illness licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, the recipient shall receive an allowance for clothing and personal needs and the allowance shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35.

Sec. 30. Minnesota Statutes 1986, section 256D.06, subdivision 6, is amended to read:

Subd. 6. General assistance funds may be paid to cover the cost of room and board needs of for persons who are eligible for general assistance and who are placed by the county in a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, except for adults with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Sec. 31. Minnesota Statutes 1986, section 256D.37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is an adult with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not exceed \$800. ~~The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and Minnesota supplemental aid may not be used to pay a negotiated rate for adults with mental illness in a facility licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690.~~ The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until June 30, 1987:

(1) a facility that only provides services to persons with mental retardation; and

(2) a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and only provides care to persons aged 65 or older. Beginning July 1, 1987, these facilities are subject to applicable supplemental aid limits, and mental retardation facilities must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive

payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate must be adjusted by the annual percentage change in the urban consumer price index (CPI-U) for Minneapolis-St. Paul as published by the Bureau of Labor Statistics between the previous two Octobers, new series index (1967-100). In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities ~~shall~~ must be the same as the earned income disregard available to disabled persons in the supplemental security income program, and all actual work expenses ~~shall~~ must be deducted when determining the amount of income for the individual. From ~~and~~ after the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 32. Minnesota Statutes 1986, section 256E.03, subdivision 2, is amended to read:

Subd. 2. "Community social services" means services provided or arranged for by county boards to fulfill the responsibilities prescribed in section 256E.08, subdivision 1 to the following groups of persons:

(a) families with children under age 18, who are experiencing child dependency, neglect or abuse, and also pregnant adolescents, adolescent parents under the age of 18, and their children;

(b) persons who are under the guardianship of the commissioner of human services as dependent and neglected wards;

(c) adults who are in need of protection and vulnerable as defined in section 626.557;

(d) persons age 60 and over who are experiencing difficulty living independently and are unable to provide for their own needs;

(e) ~~emotionally disturbed children and adolescents, chronically and acutely mentally ill persons who are unable to provide for their own needs or to independently engage in ordinary community activities;~~

(f) persons with mental retardation as defined in section 252A.02, subdivision 2, or with related conditions as defined in section

252.27, subdivision 1, who are unable to provide for their own needs or to independently engage in ordinary community activities;

~~(g)~~ (f) drug dependent and intoxicated persons as defined in section 254A.02, subdivisions 5 and 7, and persons at risk of harm to self or others due to the ingestion of alcohol or other drugs;

~~(h)~~ (g) parents whose income is at or below 70 percent of the state median income and who are in need of child care services in order to secure or retain employment or to obtain the training or education necessary to secure employment; and

~~(i)~~ (h) other groups of persons who, in the judgment of the county board, are in need of social services.

Community social services do not include public assistance programs known as aid to families with dependent children, Minnesota supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145.911 to 145.922.

Sec. 33. Minnesota Statutes 1986, section 256E.06, is amended by adding a subdivision to read:

Subd. 2b. [CALCULATION OF PREVIOUS YEAR'S ALLOCATION.] For allocations during the first year after the effective date of the mental health fund under section 19, the previous year's allocation under subdivision 2 must be adjusted to exclude the mental health share of the state community social services allocation, as defined in section 19.

Sec. 34. Minnesota Statutes 1986, section 256E.07, is amended by adding a subdivision to read:

Subd. 1c. [MENTAL HEALTH ALLOCATION] Twenty percent of each county's title XX allocation under subdivisions 1 to 1b is designated for services to persons with mental illness and is considered a part of the mental health fund under section 19.

Sec. 35. Minnesota Statutes 1986, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services for chronically mentally ill persons. The commissioner shall promulgate emergency and permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in

helping chronically mentally ill persons remain and function in their own communities. The commissioner shall report to the legislature no later than January 15, 1983 on the effectiveness of the experimental program and shall make recommendations regarding making this program an integral part of the social development programs administered by counties. The experimental program shall expire no later than June 30, 1987 1988.

Sec. 36. [STUDY.]

The commissioner of human services shall study the following issues related to the care and treatment of people with mental illness:

(1) the role of involuntary outpatient treatment in providing a continuum of services to people with mental illness, including the following:

(a) people for whom and conditions under which involuntary outpatient treatment may be appropriate, and

(b) scope of services and payment mechanisms available for involuntary outpatient treatment;

(2) the relationship among procedures and purposes of inpatient commitment, outpatient commitment, and private guardianship;

(3) the appropriate use of involuntary medication in the treatment of mental illness;

(4) the role of family members and other interested persons in formulating and monitoring treatment decisions; and

(5) the appropriate role for commitment and other treatment options in protecting the safety and liberty interests of family members and other members of society.

By January 1, 1988, the commissioner shall develop and present to the legislature recommendations regarding involuntary outpatient treatment.

Sec. 37. [REPEALER.]

Minnesota Statutes 1986, section 245.69, subdivision 1a, is repealed effective immediately on final enactment. Minnesota Statutes 1986, sections 245.713, subdivisions 1 and 3; 245.73; and 256E.12, are repealed effective July 1, 1988.

Sec. 38. [EFFECTIVE DATE.]

Sections 1 to 14, 17 and 18, 23 to 26, 35, 36, and 37 are effective immediately upon final enactment. Sections 15 and 16, 19 to 22, and 27 to 34 are effective July 1, 1988.

Delete the title and insert:

“A bill for an act relating to the organization and operation of state government; appropriating money for human services, corrections, health, economic security, and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 15A.081, subdivision 1; 86.33, subdivisions 2 and 3; 136C.06; 144.55, subdivision 6; 144.68; 144.69; 144A.05; 144A.071, subdivision 3; 144A.27; 144A.33, subdivision 3; 171.29, subdivision 2; 245.713, subdivision 2; 246.50, subdivisions 3, 4a, 5, 7, and by adding a subdivision; 246.51; 246.511; 251.011, subdivision 6; 252.275, subdivisions 1, 2, 4, and 7; 256.01, subdivisions 2 and 4; 256.045, subdivision 3; 256.73, by adding a subdivision; 256.736, subdivisions 3, 4, 6, and by adding subdivisions; 256.74, subdivision 1; 256.969, subdivision 2; 256.98; 256B.02, subdivision 8, and by adding a subdivision; 256B.03, subdivision 1; 256B.04, subdivisions 14 and 15; 256B.06, subdivision 1, and by adding a subdivision; 256B.064, subdivision 1a; 256B.15; 256B.17, subdivisions 4 and 5; 256B.19, subdivision 1; 256B.35, subdivisions 1 and 2; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 2e, 3a, 4, and by adding subdivisions; 256B.433; 256B.47, subdivision 1, and by adding subdivisions; 256B.48, subdivisions 1 and 6; 256B.50, subdivision 2; 256B.69, subdivisions 6, 11, and by adding subdivisions; 256C.26; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8; 256D.03, subdivisions 3, 4, and by adding a subdivision; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.06, subdivisions 1, 1b, 2, 3, and 6; 256D.08, subdivision 1; 256D.101; 256D.15; 256D.22; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.06, by adding a subdivision; 256E.07, by adding a subdivision; 256E.12, subdivision 3; 257.35; 257.351, subdivision 15, and by adding subdivisions; 257.354, subdivision 4, and by adding a subdivision; 268.0111, subdivision 8; 268.0122, subdivisions 2 and 3; 268.36; 268.37, subdivision 3; 268.673, subdivision 5, and by adding a subdivision; 268.6751; 268.676; 268.677, subdivision 1; 268.678, subdivisions 1 and 4; 268.681, subdivision 2, and by adding a subdivision; 268.85, subdivision 2; 268.86, subdivisions 1, 2, and 4; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.88; 268.89, subdivision 2; 268.91, subdivisions 1, 2, 3, 4, 5, 6, 7, and by adding subdivisions; 268.911, subdivision 1; 393.07, subdivision 10; 524.3-1201; proposing coding for new law in Minnesota Statutes, chapters 62D; 144; 144A; 245; 246; 256; 256B; 256D; 256E; 257; and 268; repealing Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.69, subdivision 1a; 245.713, subdivisions 1 and 3; 245.73; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 4, 5, 11, and 12; 256E.12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 402, A bill for an act relating to obscenity; prohibiting the distribution and exhibition of obscene materials and performances; prescribing penalties; amending Minnesota Statutes 1986, section 617.241.

Reported the same back with the following amendments:

Page 1, line 24, strike "patently offensive"

Page 3, line 21, delete everything after "effective" and insert "August 1, 1987, and applies to crimes committed on or after that date."

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 533, A bill for an act relating to taxation; imposing nondiscrimination requirements on private golf clubs qualifying for taxation under the open space property tax law; amending Minnesota Statutes 1986, section 273.112, subdivisions 3 and 7a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferral 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;

(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. If a golf club provides a class or category of membership that provides golfing privileges for more than one adult member of a family, either spouse in that family must be allowed to use the golf facilities at all times except during the times when use is restricted on the basis of sex as provided in the preceding sentence; failure to provide access to either spouse as set forth above constitutes discrimination on the basis of sex for the purposes of this section. For purposes of this subdivision, "either" spouse means one spouse, but not both, and the choice of who may play may be made at any time.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

For purposes of this subdivision and subdivision 7a, "discrimination" means a pattern or course of conduct and, is not linked to an isolated incident.

Sec. 2. Minnesota Statutes 1986, 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 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 388.051, 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.

Within 30 days after receipt of application for deferment of taxes and assessment under this section, the assessor receiving the application shall notify the taxpayer that the application has been either accepted or rejected. If no notification of rejection is received by the taxpayer within the 30-day period, the application shall be deemed accepted and the taxes shall be assessed accordingly. If the assessor, after consultation with the county attorney as required in this subdivision, rejects the application, a written rejection shall specify the reasons for the rejection. In that case the taxpayer shall have 30 days after receipt of the rejection to amend its rules, regulations or bylaws and reapply for deferment under this section. If the reapplication is not rejected within 30 days by the assessor, it shall be deemed accepted and the taxes shall be assessed accordingly. Nothing herein shall affect in any way the taxpayer's right to raise an objection to the county board, or appeal the assessment to the district court or to the tax court.

### Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for taxes levied in 1987, payable in 1988, and thereafter."

Delete the title and insert:

"A bill for an act relating to taxation; imposing nondiscrimination requirements on private golf clubs qualifying for taxation under the open space property tax law; providing notification to the taxpayer in certain cases; amending Minnesota Statutes 1986, section 273.112, subdivisions 3 and 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 727, A bill for an act relating to public employees; setting salaries and salary ranges for certain employees; amending Minnesota Statutes 1986, sections 15A.081, subdivisions 1, 6, 7, 7b, and by

adding a subdivision; 15A.083, subdivisions 1 and 4; and 298.22, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Salary Range Effective July 1, 1983
Commissioner of education; Commissioner of finance; Commissioner of transportation; Commissioner of human services; Executive director, state board of investment;	\$57,500-\$70,000
Commissioner of administration; Commissioner of agriculture; Commissioner of commerce; Commissioner of corrections; Commissioner of jobs and training; Commissioner of employee relations; Commissioner of energy and economic development;	\$50,000-\$60,000
Commissioner of health; Commissioner of labor and industry; Commissioner of natural resources; Commissioner of revenue; Commissioner of public safety; Chair, waste management board; Chief administrative law judge; office of administrative hearings; Director, pollution control agency; Director, state planning agency; Executive director, housing finance agency; Executive director, public employees retirement association; Executive director, teacher's	

retirement association;  
~~Executive director, state retirement~~  
 system;  
 Chair, metropolitan council;  
 Chair, regional transit board, through  
December 31, 1990;  
 Coordinator of full productivity and  
 opportunity;

Commissioner of human rights; \$40,000-\$52,500  
 Director, department of public service;  
 Commissioner of veterans' affairs;  
 Director, bureau of mediation services;  
 Commissioner, public utilities commission;  
 Member, transportation regulation board.

Sec. 2. Minnesota Statutes 1986, section 15A.081, subdivision 7, is amended to read:

Subd. 7. [PART-TIME METROPOLITAN OFFICERS.] The governor shall set the salary rate within the range set forth below for the following part-time positions, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Effective July 1, 1985
Chair, metropolitan airports commission	\$15,000-\$25,000
Chair, metropolitan waste control commission	
	Effective <u>January 1, 1991</u>
<u>Chair, regional transit board</u>	<u>\$15,000-\$25,000</u>

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 3. Minnesota Statutes 1986, section 15A.081, subdivision 7b, is amended to read:

Subd. 7b. [HIGHER EDUCATION OFFICERS.] The state university board, the state board for community colleges, the state board of vocational technical education, and the higher education coordinating board shall set the salary rates for, respectively, the chancellor of the state universities, the chancellor of the community colleges, the state director of vocational technical education, and the executive

director of the higher education coordinating board. ~~At least 30 days before the respective board adopts a salary increase according to this subdivision takes effect, the board shall submit the proposed salary increase to the legislative commission on employee relations and the legislature for its review approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2. Salary rates for the positions specified in this subdivision may not exceed 95 percent of the salary set for the governor under subdivision 6.~~

Sec. 4. Minnesota Statutes 1986, section 15A.081, is amended by adding a subdivision to read:

Subd. 7c. [EXECUTIVE DIRECTORS; PUBLIC RETIREMENT SYSTEMS.] The board of directors of the state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association shall set the salary rates, respectively, for the executive director of the state retirement system, the executive director of the public employees retirement association, and the executive director of the teachers retirement association. Before a salary established under this subdivision takes effect, the board must submit the proposed salary to the legislative commission on employee relations and the legislature for approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2. Salary rates for the positions covered by this subdivision may not exceed the maximum of the salary range set for the commissioner of commerce under subdivision 1.

Delete the title and insert:

“A bill for an act relating to state government; amending the process for establishing salaries for the chair of the regional transit board, heads of higher education systems, and directors of statewide pension systems; amending Minnesota Statutes 1986, section 15A.081, subdivisions 1, 7, and 7b, and by adding a subdivision.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 756, A bill for an act relating to elections; prohibiting cities of the first class from changing their voting systems without demonstrating the effectiveness of a proposed new system; proposing coding for new law in Minnesota Statutes, chapter 204B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**“Section 1. [204B.45] [CITY OF FIRST CLASS VOTING SYSTEMS.]**

A city of the first class, except the city of St. Paul, shall not change the voting system which it used in the state general election in 1986 until January 1, 1989, for elections held thereafter. For purposes of this section, “voting system” means the method by which votes are or were recorded at state and municipal elections including, but not limited to, paper ballot voting (both absentee and election day), machine voting, punch card voting, and optical scan voting systems.

Sec. 2. Minnesota Statutes 1986, section 206.90, is amended by adding a subdivision to read:

Subd. 6a. [PLACEMENT OF CANDIDATE NAMES.] On ballots used with optical scan voting systems, the titles of offices must be arranged horizontally with the names of the candidates arranged horizontally under the respective titles. The following requirements apply:

(a) The names of all candidates of a political party must be placed in the same column under the clearly designated name of the political party.

(b) If for an office there is no candidate of a party named at the primary, so that a blank space will appear on the ballot, the blank space must contain a notice in the same type size and style as names of candidates, indicating that names of candidates for the office appear to the left or right of the space, whichever applies. This subdivision applies to all elections held in cities of the first class after the effective date of this act, and applies to all other elections held after January 1, 1989.”

Delete the title and insert:

“A bill for an act relating to elections; prohibiting cities of the first class, except the city of St. Paul, from changing their voting systems; providing for placement of offices and candidate names on ballots used with optical scan voting systems; amending Minnesota Statutes 1986, section 206.90, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 204B.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 777, A bill for an act relating to motor fuels; providing that unleaded gasoline sold in Minnesota after June 30, 1987, must

be blended with ethanol; amending Minnesota Statutes 1986, section 296.05, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 296.05, is amended by adding a subdivision to read:

Subd. 1a. [UNLEADED GASOLINE.] (a) After June 30, 1988, no unleaded gasoline having an octane rating of 90 or less shall be sold for use in motor vehicles unless it is a gasoline blend consisting of ten percent ethanol, it is free from water, suspended matter, and all impurities, and it conforms to the requirements contained in section 296.01, subdivisions 3 and 24. No person who uses gasoline in a marine or other engine with a displacement of 250 cubic centimeters or less is required to fuel the engine with an ethanol fuel blend. The requirement of this subdivision does not apply to a marina or retail service station that has only one pump for dispensing gasoline.

Sec. 2. Minnesota Statutes 1986, section 296.14, subdivision 2, is amended to read:

Subd. 2. [CREDIT OR REFUND OF TAX PAID.] The commissioner shall allow the distributor credit or refund of the tax paid on gasoline and special fuel:

(1) Exported or sold for export from the state, other than in the supply tank of a motor vehicle or of an aircraft;

(2) Sold to the United States government or to any “cost plus a fixed fee” contractor employed by the United States government on any national defense project;

(3) Sold to another licensed distributor;

(4) Destroyed by accident while in the possession of the distributor;

(5) In error;

(6) Blended with ethanol and sold for storage in an on-farm bulk storage tank, if the tax was not collected on the sale;

(7) In such other cases as the commissioner may permit, not inconsistent with the provisions of this chapter and other laws relating to the gasoline and special fuel excise taxes.

Sec. 3. [REPEALER.]

Minnesota Statutes 1986, section 296.02, subdivision 7, is repealed.

Sec. 4. [EFFECTIVE DATES.]

Section 1 is effective July 1, 1988. Section 2 is effective October 1, 1988."

Delete the title and insert:

"A bill for an act relating to motor fuels; providing that unleaded gasoline having an octane rating of 90 or less and sold in Minnesota after June 30, 1988, must be blended with ethanol; providing for tax credit or refund in certain cases; amending Minnesota Statutes 1986, sections 296.05, by adding a subdivision; and 296.14, subdivision 2; repealing Minnesota Statutes 1986, section 296.02, subdivision 7."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 837, A bill for an act relating to natural resources; creating the state board of water and land resources and providing for its administration and powers and duties; abolishing the state soil and water conservation board and the water resources board; amending the duties of the environmental quality board; amending Minnesota Statutes 1986, sections 40.01, subdivision 4; 40.03, subdivision 4; 40.035, subdivision 2; 40.21, subdivisions 1 and 3; 40.43, subdivision 1; 105.73; 110B.02, subdivision 2; 112.35, subdivision 4; 116C.03, subdivision 2; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1986, sections 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; and 116C.41, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]



The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1987," "1988," and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

## SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$1,089,200	\$ 88,729,600	\$ 88,162,500	\$ 177,981,300
Special Revenue		4,310,400	4,660,400	8,970,800
Airports		10,890,100	11,707,000	22,597,100
M.S.A.S.		59,500,000	60,000,000	119,500,000
C.S.A.H.		186,000,000	187,400,000	373,400,000
Tr. Hwy.		657,638,400	653,902,000	1,311,540,400
Hwy. User		8,968,600	9,012,100	17,980,700
Transit Assistance		5,747,500	5,747,500	11,495,000
Motor Vehicle Transfer		868,800	868,800	1,737,600
<b>TOTAL</b>	<b>\$1,089,200</b>	<b>\$1,022,653,400</b>	<b>\$1,021,460,300</b>	<b>\$2,045,202,900</b>

APPROPRIATIONS  
Available for the Year  
Ending June 30  
1988                      1989

## Sec. 2. TRANSPORTATION

## Subdivision 1. Total

Appropriation	\$865,537,600	\$864,563,900
1988	1989	
Approved Complement-		
4,656	4,654	
General-		
15	12	
State Airports-		
40	40	
Trunk Highway-		
4,585	4,586	
Federal-		
16	16	

The appropriations in this section are from the trunk highway fund, except where another fund is named.

## Summary by Fund

General	\$ 4,492,200	\$ 4,377,200
Airports	\$ 10,890,100	\$ 11,707,000
M.S.A.S.	\$ 59,500,000	\$ 60,000,000
C.S.A.H.	\$186,000,000	\$187,400,000
Trunk Highway	\$602,639,000	\$599,063,400
Transit Assistance	\$ 1,147,500	\$ 1,147,500
Motor Vehicle Transfer	\$ 868,800	\$ 868,800

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

	1988	1989
Subd. 2. Highway Development	\$ 602,864,700	\$ 603,350,900
Summary by Fund		
M.S.A.S.		
\$ 59,500,000	\$ 60,000,000	
C.S.A.H.		
\$186,000,000	\$187,400,000	
Trunk Highway		
\$356,495,900	\$355,082,100	
Motor Vehicle Transfer		
\$ 868,800	\$ 868,800	
(a) Trunk Highway Development		
1988	1989	
\$346,275,300	\$346,275,300	
Summary by Fund		
Trunk Highway		
\$345,406,500	\$345,406,500	
Motor Vehicle Transfer		
\$868,800	\$868,800	

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

\$222,000,000    \$207,000,000

Highway User Taxes

\$123,406,500    \$138,406,500

The commissioner of transportation shall notify the chairman of the senate finance committee and chairman of the house appropriations committee promptly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.

(b) County State Aids

\$186,000,000    \$187,400,000

	1988	1989
\$		\$

This appropriation is from the county state-aid highway fund and is available until spent.

(c) Municipal State Aids

\$59,500,000    \$60,000,000

This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

(d) Highway Debt Service

\$11,089,400    \$9,675,600

For transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

Subd. 3. Highway Operations

170,570,600    169,738,700

The amounts that may be spent from this appropriation for each activity are as follows:

	1988	1989
	\$	\$
(a) Maintenance		
\$119,967,300	\$119,719,100	
(b) Construction Support		
\$50,603,300	\$50,019,600	
Subd. 4. Technical Services	40,513,200	39,942,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Program Delivery		
\$37,126,200	\$36,564,400	
(b) State Aid Technical Assistance		
\$911,900	\$909,900	
(c) Electronic Communications		
\$2,475,100	\$2,467,700	
Subd. 5. Non-Metropolitan Transit Assistance	4,912,500	4,912,500

Summary by Fund

General

\$3,765,000      \$3,765,000

Transit Assistance

\$1,147,500      \$1,147,500

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 6. Program Management	7,330,300	7,217,000
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Summary by Fund

General

\$683,600      \$565,900

Trunk Highway

\$6,646,700      \$6,651,100

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Highway Programs		
\$1,789,100	\$1,784,600	

	1988	1989
	\$	\$
Summary by Fund		
General		
\$70,900	\$70,900	
Trunk Highways		
\$1,718,200	\$1,713,700	

\$225,000 the first year and \$225,000 the second year are available for grants to regional development commissions outside the seven-county metropolitan area for transportation studies to identify critical concerns, problems, and issues.

(b) Motor Carrier Safety and Compliance

\$1,062,200	\$1,059,600
-------------	-------------

(c) Railroads and Waterways

\$908,200	\$905,900
-----------	-----------

Summary by Fund

General

\$233,600	\$233,300
-----------	-----------

Trunk Highway

\$674,600	\$672,600
-----------	-----------

(d) Transit Administration

\$594,000	\$476,500
-----------	-----------

Summary by Fund

General

\$379,100	\$261,700
-----------	-----------

Trunk Highway

\$214,900	\$214,800
-----------	-----------

(e) Transportation Data, Research, and Analysis

\$2,976,800	\$2,990,400
-------------	-------------

	1988	1989
	\$	\$
Subd. 7. General Support Services	28,600,700	27,835,800

Summary by Fund

General	\$43,600	\$46,300
Airports	\$144,500	\$140,000
Trunk Highway	\$28,412,600	\$27,649,500

The amounts that may be spent from this appropriation for each activity are as follows:

- (a) Finance and Administration
- |  |             |             |
|--|-------------|-------------|
|  | \$8,556,600 | \$8,530,500 |
|--|-------------|-------------|
- (b) General Services
- |  |             |             |
|--|-------------|-------------|
|  | \$7,383,400 | \$7,453,300 |
|--|-------------|-------------|

Summary by Fund

General	\$38,900	\$41,600
Airports	\$78,800	\$83,100
Trunk Highway	\$7,265,700	\$7,328,600

- (c) Equipment
- |  |              |              |
|--|--------------|--------------|
|  | \$11,672,500 | \$10,863,800 |
|--|--------------|--------------|

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

General	\$4,700	\$4,700
Airports	\$65,700	\$56,900
Trunk Highway	\$11,602,100	\$10,802,200

	1988	1989
(d) Legal Services	\$	\$
\$988,200	\$988,200	

This appropriation is for the purchase of legal services from or through the attorney general.

Subd. 8. Aeronautics	10,745,600	11,567,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Aeronautics Operations	\$1,089,500	\$1,156,800
(b) Airport Development and Assistance	\$9,552,000	\$10,306,100

\$1,563,700 the first year and \$1,546,600 the second year are for navigational aids.

\$4,828,800 the first year and \$5,689,100 the second year are for airport construction grants.

\$1,713,000 the first year and \$1,713,000 the second year are for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.



	1988	1989
\$8,000 the first year and \$8,000 the second year are for maintenance of the Pine Creek Airport.	\$	\$

## (c) Air Transportation Services

	\$39,100	\$39,100
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## (d) Civil Air Patrol

	\$65,000	\$65,000
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## Subd. 9. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for trunk highway development. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

## Subd. 10. Contingent Appropriations

(a) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the state airports fund to an appropriation for state airports purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the state airports fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

	1988	1989
	\$	\$
(b) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation for trunk highway purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.		

Subd. 11. Budget Reduction Transfer

Notwithstanding any other law to the contrary, the commissioner of finance shall reduce the distribution of the motor vehicle excise tax transfer as provided by Minnesota Statutes, section 297B.09, subdivision 2, paragraph (c), by \$900,000 for the biennium ending June 30, 1989.

Sec. 3. REGIONAL TRANSIT BOARD

	20,126,500	20,126,500
--	------------	------------

Summary by Fund

General

\$15,526,500	\$15,526,500
--------------	--------------

Transit Assistance

\$4,600,000	\$4,600,000
-------------	-------------

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subdivision 1. Regular Route Service

	11,721,500	11,721,500
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Subd. 2. Metro Mobility

	6,000,000	6,000,000
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Subd. 3. Small Urban, Rural, and Replacement Services

	730,000	730,000
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Subd. 4. Test Marketing of New Services

	400,000	400,000
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	1988	1989
	\$	\$
Subd. 5. Light Rail Transit Studies	200,000	200,000
Subd. 6. Planning and Programs	750,000	750,000
Subd. 7. Administration	325,000	325,000

The board may not reduce the amounts available for expenditure under subdivisions 1 to 4 or spend any money, except money received from federal grants and private contributions, for the purposes of subdivisions 5 to 7 in addition to the amounts appropriated.

During the biennium ending June 30, 1989, the board may not transfer funds among categories, may not be a recipient of federal capital or operating assistance for transit, and may not alter fare policies or allow the metropolitan transit commission to alter fare schedules existing on January 1, 1987, until: (1) the board has satisfied statutory planning requirements by (i) adopting plans and policies on fares, as required by Laws 1985, First Special Session chapter 10, section 30, (ii) adopting an implementation plan under Minnesota Statutes 1986, section 473.161, that has been approved by the metropolitan council and includes any revisions required by the council under Minnesota Statutes 1986, section 473.161, (iii) adopting an approved financial plan under Minnesota Statutes, section 473.38, subdivision 2, and (iv) submitting the implementation and financial plans adopted under items (ii) and (iii) to the legislature with its request for state financial assistance; and (2) the legislature has acted on the board's request for state financial assistance submitted under clause (1).

The board may supplement any of the appropriations made in subdivisions 1 to 7 from its fund balance reserve.

1988                      1989

\$                              \$

The board shall study and report to the legislature on the effects, advantages, and disadvantages of transferring the authority to receive federal capital and operating assistance from the metropolitan transit commission to the board and on how and for what purpose the board would use the funds differently than the commission.

Sec. 4. TRANSPORTATION

REGULATION BOARD	531,500	531,500
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Approved Complement - 8

This appropriation is from the trunk highway fund.

Sec. 5. PUBLIC SAFETY

Subdivision 1.

Total Appropriation	82,700,600	82,590,800
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	1988	1989
--	------	------

Approved Complement -

	1,679.4	1,679.4
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General-

	393.7	393.7
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Special Revenue-

	3.0	3.0
--	-----	-----

Trunk Highway-

	1,060.8	1,060.8
--	---------	---------

Highway User-

	173.6	173.6
--	-------	-------

Federal-

	48.3	48.3
--	------	------

The above approved complement includes 511 for state-funded, unclassified patrol officers and supervisors of the state patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

	1988	1989
	\$	\$
<p>No new state patrol supervisory positions may be established, with the exception of special duty assigned ranks for the length of assignment only.</p>		

#### Summary by Fund

##### General

	\$20,064,800	\$20,022,300
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For 1987 - \$900,000

##### Trunk Highway

	\$53,417,200	\$53,256,400
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##### Highway User

	\$ 8,718,600	\$ 8,762,100
--	--------------	--------------

##### Special Revenue

	\$ 500,000	\$ 550,000
--	------------	------------

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$175,000 the first year and \$175,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

#### Subd. 2. Administration and Related Services

	\$ 4,348,200	\$ 4,246,900
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#### Summary by Fund

##### General

	\$ 52,500	\$ 52,500
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##### Trunk Highway

	\$4,205,700	\$4,104,400
--	-------------	-------------

##### Highway User

	\$ 90,000	\$ 90,000
--	-----------	-----------

#### Subd. 3. Emergency Services

	\$ 886,300	\$ 887,000
--	------------	------------

	1988	1989
	\$	\$
\$341,700 the first year and \$342,000 the second year are for nuclear plant preparedness. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.		

Subd. 4. Criminal Apprehension

	\$11,145,900	\$11,126,900
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Summary by Fund

General

	\$10,221,300	\$10,200,700
--	--------------	--------------

Trunk Highway

	\$ 924,600	\$ 926,200
--	------------	------------

\$223,300 the first year and \$223,300 the second year are for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$67,800 the first year and \$67,600 the second year are for the bureau of criminal apprehension to continue to provide in-service training for peace officers on a regional basis.

\$171,000 the first year and \$171,000 the second year are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 5. Fire Safety

	\$1,801,800	\$1,798,800
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	1988	1989
	\$	\$

## Subd. 6. State Patrol

\$35,056,000	\$ 34,975,600
--------------	---------------

This appropriation is from the trunk highway fund.

This appropriation includes funds reinstating legislative policy by compensating all state patrol troopers, corporals, and sergeants in the amount of \$6 per day in addition to their base salary for meals and business expenses incurred in the performance of their assigned duties in their patrol areas on the days members work five or more hours. Business expenses include, but are not limited to, uniform costs, home garaging of squad cars, and maintenance of home office.

During the biennium ending June 30, 1989, and notwithstanding any law to the contrary, the commissioner shall authorize the appointing authority to permit the donation of up to eight hours of accumulated vacation time in each year by each employee who is a member of law enforcement unit number 1 to their union representative for the purpose of carrying out the duties of office.

## Subd. 7. Capitol Security

\$1,285,500	\$1,271,000
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## Subd. 8. Driver and Vehicle Licensing

\$26,163,100	\$26,231,600
--------------	--------------

## Summary by Fund

## General

\$ 4,303,600	\$ 4,309,300
--------------	--------------

## Trunk Highway

\$ 13,230,900	\$13,250,200
---------------	--------------

## Highway User

\$ 8,628,600	\$ 8,672,100
--------------	--------------

\$471,400 the first year and \$471,400 the second year are for alcohol assessment reimbursements to counties.

	1988	1989
Subd. 9. Liquor Control	\$	\$
\$ 694,800	\$ 684,400	

Subd. 10. Ancillary Services	\$1,494,000	\$1,543,600
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#### Summary by Fund

##### General

\$994,000	\$993,600
For 1987 - \$900,000	
Special Revenue	
\$500,000	\$550,000

\$900,000 is appropriated from the general fund for the fiscal year ending June 30, 1987, for crime victims and is added to the appropriation in Laws 1985, First Special Session chapter 10, section 4, subdivision 10.

\$827,200 the first year and \$826,900 the second year from the general fund and \$500,000 the first year and \$550,000 the second year from the special revenue fund are for the crime victims reparations board. Any unencumbered balance remaining the first year does not cancel but is available for the second year of the biennium.

\$115,000 the first year and \$115,000 the second year are for the hazardous substance activity.

The crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments for fiscal year 1988 and fiscal year 1989. In no case shall the total awards exceed the appropriation made in this subdivision.

\$51,800 the first year and \$51,700 the second year are for the expenses of the Private Detective and Protective Agency Licensing Board.

Subd. 11. Transfers



	1988	1989
	\$	\$

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs within a fund. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Subd. 12. Reimbursements

(a) \$688,000 for the first year and \$687,600 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) \$257,300 for the first year and \$257,200 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.

	1988	1989
	\$	\$
(c) \$520,900 for the first year and \$556,300 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.		

### Sec. 6. AGRICULTURE

Subdivision 1. Total Appropriation	13,198,500	13,228,900
Approved Complement - 465.8		
General - 210.3		
Special/Revolving - 237.2		
Federal - 18.3		

#### Summary by Fund

General		
\$13,010,700	\$13,041,100	
Special Revenue		
\$ 187,800	\$ 187,800	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$190,000 the first year and \$190,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Protection Service		
\$3,980,000	\$3,963,600	

	1988	1989
	\$	\$

Of this amount \$40,000 the first year and \$40,000 the second year are to increase the detection and management of oak wilt in the state's shade trees. Any unencumbered balance remaining in the first year shall not cancel but is available for the second year of the biennium.

#### Subd. 3. Family Farm Security

	\$2,095,100	\$2,094,500
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\$1,800,000 the first year and \$1,800,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 1988, and no new loans may be approved in fiscal year 1989.

#### Subd. 4. Administrative Support and Grants

	\$3,683,900	\$3,733,500
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##### Summary by Fund

##### General

	\$3,496,100	\$ 3,545,700
--	-------------	--------------

##### Special Revenue

	\$ 187,800	\$ 187,800
--	------------	------------

\$358,000 the first year and \$358,000 the second year are for grants to agricultural societies, associations, and institutions.

\$30,900 the first year and \$30,900 the second year are for payment of claims relating to livestock damaged by endangered animal species. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$187,800 the first year and \$187,800 the second year are from the commodities research and promotion account in the special revenue fund.

	1988	1989
	\$	\$
Notwithstanding any other law to the contrary, funding for the Seaway Port Authority of Duluth shall remain in the department of agriculture.		
Subd. 5. Water and Soil Resources Board	3,629,500	3,627,300
Approved Complement - 19		

For the biennium ending June 30, 1989, the commissioner of agriculture shall provide suitable and adequate office facilities and space for the water and soil resources board. The commissioner shall also provide administrative services required by the board in administration of its assigned functions.

\$664,200 the first year and \$664,200 the second year are for general purpose grants in aid to soil and water conservation districts.

\$152,300 the first year and \$152,300 the second year are for grants to districts for technical assistance, education, and demonstrations of conservation tillage.

\$198,500 the first year and \$198,500 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

\$1,501,000 the first year and \$1,501,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

The appropriations in this section for the southern Minnesota river basin study area 2 and for grants to soil and water districts for cost-sharing contracts for erosion control and water quality management are available until expended.

	\$ 1988	\$ 1989
<p>\$158,700 the first year and \$158,700 the second year are for grants in aid to soil and water conservation districts and local units of government to assist them in solving sediment and erosion control problems. Grants must not exceed 50 percent of total project costs or 50 percent of the local share if federal money is used. Priority must be given to projects designed to solve lakeshore, stream bank, and roadside erosion and to projects eligible for federal matching money.</p> <p>\$12,400 the first year and \$12,400 the second year are for grants to soil and water conservation districts for review and comment on water permits.</p>		

Subd. 6. Transfers

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 7. BOARD OF ANIMAL HEALTH

1,580,100	1,570,300
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Approved Complement - 36

This appropriation includes \$39,900 the first year and \$39,900 the second year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

Sec. 8. COMMERCE

Subdivision 1. Total Appropriation

9,843,800	9,571,000
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Approved Complement - 239

General - 236

Special Revenue - 3

	1988	1989
	\$	\$
Summary by Fund		
General		
	\$9,582,600	\$9,309,700
For 1987 -	\$189,200	
Special Revenue		
	\$ 261,200	\$ 261,300

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

**Subd. 2. Financial Examinations**

\$4,066,100      \$3,969,300

For 1987 - \$189,200

This appropriation is for bank examinations and is added to the appropriation in Laws 1985, First Special Session chapter 10, section 7, subdivision 2.

**Subd. 3. Registration and Analysis**

\$1,716,500      \$ 1,696,700

**Subd. 4. Administrative Services**

\$ 1,627,100      \$1,627,800

**Subd. 5. Enforcement and Licensing**

\$2,434,100      \$2,277,200

Summary by Fund

General

\$2,172,900      \$2,015,900

Special Revenue

\$ 261,200      \$ 261,300

\$261,200 the first year and \$261,300 the second year are from the real estate education, research and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

	1988	1989
	\$	\$
\$271,800 the first year and \$119,900 the second year are from the general fund to perform a one-time study of insurance claims data maintained by insurance companies. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.		
Subd. 6. Transfers		
The commissioner with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.		
Sec. 9. NON-HEALTH-RELATED BOARDS		
Subdivision 1. Total for this section	890,900	891,200
Subd. 2. Board of Abstractors	3,900	3,900
Subd. 3. Board of Accountancy	344,600	340,800
Approved Complement - 5		
Subd. 4. Board of Architecture, Engineering, Land Surveying, and Landscape Architecture	351,500	357,700
Approved Complement - 6		
Subd. 5. Board of Barber Examiners	137,000	134,900
Approved Complement - 3		
Subd. 6. Board of Boxing	53,900	53,900
Approved Complement - 1.5		
Subd. 7. Board of Electricity		
Approved Complement - 18.0		
These positions are funded from the special revenue fund.		
Sec. 10. BOARD OF PEACE OFFICER STANDARDS AND TRAINING		
General Operations and Management	3,300,000	3,600,000

	1988	1989
	\$	\$
<p>Approved Complement - 9</p> <p>These appropriations are from the peace officers training account in the special revenue fund.</p> <p>The board of peace officer standards and training is increased by two members. They must be appointed by the governor from among peace officers, at least one of whom must be a member of the Minnesota state patrol association.</p> <p>Notwithstanding any other law to the contrary, any presently duly elected sheriff may perform all the duties of the office provided the sheriff continues and completes required professional educational programs within the sheriff's current term of office.</p>		

<p><b>Sec. 11. PUBLIC UTILITIES COMMISSION</b></p>	1,889,000	1,715,400
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Approved Complement - 40.0

Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, the commission and department shall assess amounts billed by the office of administrative hearings for certificate of need applications, not to exceed \$300,000 per application, during the biennium ending June 30, 1989, pursuant to section 216B.62, subdivision 6.

**Sec. 12. PUBLIC SERVICE**

<p>Subdivision 1. Total Appropriation</p>	6,252,700	6,240,100																											
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="text-align: right; width: 35%;">1988</td> <td style="text-align: right; width: 35%;">1989</td> </tr> <tr> <td>Approved Complement -</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">149.1</td> <td style="text-align: right;">132.3</td> </tr> <tr> <td>General-</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">125.3</td> <td style="text-align: right;">125.3</td> </tr> <tr> <td>Special Revenue-</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">6.8</td> <td style="text-align: right;">5.5</td> </tr> <tr> <td>Federal-</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">17.0</td> <td style="text-align: right;">1.5</td> </tr> </table>		1988	1989	Approved Complement -				149.1	132.3	General-				125.3	125.3	Special Revenue-				6.8	5.5	Federal-				17.0	1.5		
	1988	1989																											
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	125.3	125.3																											
Special Revenue-																													
	6.8	5.5																											
Federal-																													
	17.0	1.5																											



	\$	1988	\$	1989
Summary by Fund				
General-				
	\$6,191,300		\$6,178,800	
Special Revenue-				
	\$ 61,400		\$ 61,300	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.				
Subd. 2. Utility Regulation				
	\$1,777,200		\$ 1,773,000	
Subd. 3. Weights and Measures				
	\$1,881,100		\$1,876,400	
Subd. 4. Administrative Services				
	\$ 608,300		\$ 608,600	
Subd. 5. Energy				
	\$1,986,100		\$1,982,100	
Summary by Fund				
General-				
	\$1,924,700		\$1,920,800	
Special Revenue-				
	\$ 61,400		\$ 61,300	
Subd. 6. Transfers				
The department of public service, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations in the house of representatives.				
Sec. 13. RACING COMMISSION		867,900		872,800
Approved Complement - 10				
General - 8				
Special Revenue - 2				
Sec. 14. CHARITABLE GAMBLING CONTROL BOARD		609,000		619,100
Approved Complement - 14				
Sec. 15. ETHICAL PRACTICES BOARD		215,700		215,900

	1988	1989
Approved Complement - 5	\$	\$
Sec. 16. MINNESOTA MUNICIPAL BOARD	228,200	227,900
Approved Complement - 4		
Sec. 17. MINNESOTA- WISCONSIN BOUNDARY AREA COMMISSION	99,500	99,200
Sec. 18. UNIFORM LAWS COMMISSION	14,900	14,900
<p>These amounts include funds to pay the expenses of life members to attend the annual meetings of the National Conference of Commissioners on Uniform State Laws.</p>		
Sec. 19. VOYAGEURS NATIONAL PARK CITIZENS COMMITTEE	82,900	87,900
<p>Notwithstanding any law to the contrary, the citizens council on Voyageurs National Park is extended until June 30, 1989.</p>		
Sec. 20. MINNESOTA HISTORICAL SOCIETY		
Subdivision 1. Total Appropriation	9,620,400	9,618,000
<p>The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.</p>		
Subd. 2. Minnesota Historical Society Operations	8,672,200	8,684,200

Admission income from Fort Snelling is appropriated to the Minnesota historical society for historic site operations.

Any unencumbered balance remaining at the end of the first year must be returned to the state treasury and credited to the general fund.

	1988	1989
	\$	\$
<p>The appropriation in this subdivision includes no money for compensation increases. The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance will determine the amount of the salary supplement based on available funds. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.</p>		
Subd. 3. Repair and Replacement	325,000	225,000
<p>\$100,000 the first year is for the restoration and preservation of murals, stencils, sculptures, statues, paintings, built-in exhibit areas, and objects of art or historical artifacts in the public areas of the state capitol, including the governor's anteroom, reception room, and private office.</p> <p>If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</p>		
Subd. 4. Historic Grant-In-Aid	286,100	286,100
(a) Historic Preservation		
\$259,600	\$259,600	
<p>For historic site grants to encourage local historic preservation projects.</p> <p>To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines.</p> <p>Any unencumbered balance remaining in the first year does not cancel but is available for the second year.</p>		
(b) Archaeology		
\$26,500	\$26,500	
Subd. 5. Fiscal Agent	262,100	212,100
(a) Sibley House Association		
\$58,000	\$58,000	

	1988	1989
	\$	\$

This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House association.

Notwithstanding any other law, the Sibley House association may purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.

(b) Minnesota Humanities Commission

\$47,100	\$47,100
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The Minnesota humanities commission may establish a humanities resource center to ensure balance in public education and in the cultural life of the state. The humanities resource center may transport people and resources to small towns, rural communities, and urban settings to provide high quality educational and cultural programs to schools and community organizations throughout Minnesota.

(c) Minnesota International Center

\$38,000	\$38,000
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(d) Camp Ripley Military Museum

\$30,000
----------

(e) Minnesota Air National Guard Museum

\$20,000
----------

(f) Government Learning Center

\$69,000	\$69,000
----------	----------

This appropriation is for Project 120.

(g) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 6. State History Center	75,000	210,600
\$75,000	\$210,600	

	1988	1989
	\$	\$

This appropriation is available only if legislation is enacted providing funding for construction of a new state history center.

The Minnesota historical society shall conduct an interim study, in cooperation with county historical organizations of their choice and the department of finance, to determine changes and revisions required in the Historic Sites Act of 1965. The study shall identify those historic sites that merit preservation and interpretation and include a plan for financing their development and operations. The study shall include recommendations by the society on which sites should charge admission fees and the amount of the proposed fee, by site. The historical society shall report the results of this study to the chairs of the senate finance committee and house of representatives appropriations committee, and the governor by July 1, 1988.

Sec. 21. BOARD OF THE ARTS

Subdivision 1. Total Appropriation

	3,130,100	3,130,100
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	1988	1989
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Approved Complement -		
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	14	15
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General-		
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	11	12
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Federal-		
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	3	3
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Amounts that may be spent from this appropriation are specified below.

At least \$35,000 the first year and \$35,000 the second year are for the support of the American craft council national craft fair.

\$1,009,900 the first year and \$1,009,900 the second year are for the support of regional arts councils throughout the state.

	1988	1989
Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.	\$	\$
Sec. 22. MINNESOTA HORTICULTURAL SOCIETY	66,400	66,400
Sec. 23. MINNESOTA ACADEMY OF SCIENCE	30,600	35,600
Sec. 24. SCIENCE MUSEUM OF MINNESOTA	508,400	514,700
Sec. 25. MINNESOTA SAFETY COUNCIL	50,700	50,700
This appropriation is from the trunk highway fund.		
Sec. 26. VETERANS OF FOREIGN WARS	27,500	27,500
For carrying out the provisions of Laws 1945, chapter 455.		
Sec. 27. GENERAL CONTINGENT ACCOUNTS	650,000	650,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

#### Summary by Fund

Trunk Highway Fund	\$400,000	\$400,000	
Highway User Tax Distribution Fund	\$250,000	\$250,000	
Sec. 28. TORT CLAIMS	600,000	600,000	600,000

To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

## Sec. 29. [ANCHOR LAKE TRAVEL INFORMATION CENTER.]

The commissioner of transportation shall assume the responsibility of operating the Anchor Lake travel information center effective July 1, 1987. The complement of the department of transportation is increased up to three positions for this purpose.

## Sec. 30. [EXPORT FINANCE AUTHORITY WORKING CAPITAL ACCOUNT.]

The balance in the export finance authority working capital account shall be maintained at \$1,000,000.

## Sec. 31. [EMERGENCY RESPONSE COMMISSION.]

The governor may designate the hazardous substance notification advisory committee to serve as and perform the functions of the state emergency response commission provided for under title III of the Superfund Amendments and Reauthorization Act of 1986. The governor may also appoint representatives of state agencies to serve on the state emergency response commission.

## Sec. 32. [WATER AND SOIL RESOURCES BOARD: TRANSITIONAL MEMBERSHIP; COMPLEMENT.]

Subdivision 1. [TRANSITIONAL MEMBERSHIP.] Notwithstanding and in addition to the members specified in other permanent law, the initial water and soil resources board shall have four temporary members consisting of soil and water conservation district supervisors, through December 31, 1989.

Subd. 2. [TRANSFER OF EMPLOYEES.] The classified and unclassified state positions and employees of the state soil and water conservation board and water resources board are transferred to the water and soil resources board under section 15.039, subdivision 7. The unclassified position of the executive director of the water resources board and the classified position of the executive director of the soil and water conservation board must be placed in proper job classification in the classified service without examination by the commissioner of employee relations.

## Sec. 33. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "state soil and water conservation board," "water resources board," "water policy board," or other language intended to refer to those boards, wherever they appear in Minnesota Statutes to "water and soil resources board" or other appropriate language to refer to the water and soil resources board.

Sec. 34. Minnesota Statutes 1986, section 12.14, is amended to read:

**12.14 [ASSESSMENT FOR NUCLEAR SAFETY PREPAREDNESS ACT.]**

Any person, firm, corporation or association in the business of owning or operating a nuclear fission electrical generating plant located in Minnesota, shall pay an assessment to cover the cost of nuclear power plant emergency response plans and other programs necessary to deal with incidents resulting from the operation of nuclear fission electrical generating plants. An assessment of ~~\$75,000~~ \$137,500 per plant shall be paid to the commissioner of public safety on July 1 of each year.

Sec. 35. Minnesota Statutes 1986, section 17A.04, subdivision 5, is amended to read:

Subd. 5. [LICENSE FEE.] The applicant shall submit to the commissioner the following applicable fees and penalties for late renewal:

(a) ~~\$150~~ \$300 for each livestock market agency and public stockyard license, penalty ~~\$38~~ \$75;

(b) ~~\$50~~ \$100 for each livestock dealer license, penalty ~~\$13~~ \$25;

(c) ~~\$30~~ \$50 for each agent of a livestock dealer license, penalty ~~\$10~~ \$15;

(d) ~~\$50~~ \$100 for each meat packing company license, penalty ~~\$13~~ \$25;

(e) ~~\$30~~ \$50 for each agent of a meat packing company license, penalty ~~\$10~~ \$15.

Sec. 36. Minnesota Statutes 1986, section 18.51, subdivision 2, is amended to read:

Subd. 2. [FEES; PENALTY.] A nursery operator shall pay an annual fee before the commissioner shall issue a certificate of inspection. This fee shall be based on the area of all of the operator's nurseries as follows:

**Nurseries:**

- |  |  |
|--|--|
| (1) ½ acre or less                         | <del>\$30</del> <u>\$40</u> per nursery operator   |
| (2) Over ½ acre to and including 2 acres   | <del>\$50</del> <u>\$60</u> per nursery operator   |
| (3) Over 2 acres to and including 10 acres | <del>\$100</del> <u>\$125</u> per nursery operator |



- (4) Over 10 acres to and including 50 acres      ~~\$300~~ \$360 per nursery operator  
 (5) Over 50 acres      ~~\$600~~ \$725 per nursery operator

In addition to the above fees, a minimum penalty of \$10 or 25 percent of the fee due, whichever is greater, shall be charged for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 37. Minnesota Statutes 1986, section 18.52, subdivision 5, is amended to read:

Subd. 5. [FEES; PENALTY.] A dealer shall pay an annual fee based on the dealer's gross sales during the preceding certificate year. A dealer operating for the first year will pay the minimum fee.

Dealers:

- |  |   |
|--|---|
| (1) Gross sales up to \$1,000                  | at a location<br><del>\$30</del> <u>\$40</u> per location   |
| (2) Gross sales over \$1,000 and up to \$5,000 | at a location<br><del>\$40</del> <u>\$50</u> per location   |
| (3) Gross sales over \$5,000 up to \$10,000    | at a location<br><del>\$70</del> <u>\$85</u> per location   |
| (4) Gross sales over \$10,000 up to \$25,000   | at a location<br><del>\$100</del> <u>\$125</u> per location |
| (5) Gross sales over \$25,000 up to \$75,000   | at a location<br><del>\$150</del> <u>\$175</u> per location |
| (6) Gross sales over \$75,000 up to \$100,000  | at a location<br><del>\$220</del> <u>\$260</u> per location |
| (7) Gross sales over \$100,000                 | at a location<br><del>\$330</del> <u>\$400</u> per location |

In addition to the above fees, a minimum penalty of \$10 or 25 percent of the fee due, whichever is greater, shall be charged for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 38. Minnesota Statutes 1986, section 18.53, is amended to read:

#### 18.53 [GREENHOUSE CERTIFICATION.]

The commissioner may inspect and certify greenhouses and greenhouse plants as being free from plant pests upon request of the greenhouse operator and issue a greenhouse certificate. The fee is ~~\$30~~ \$50 for each greenhouse operator. The certificate expires on November 15 next following the date of issue.

Sec. 39. Minnesota Statutes 1986, section 27.041, subdivision 2, is amended to read:

Subd. 2. [LICENSES.] The license, or a certified copy of the license, must be kept posted in the office of the licensee at each place within the state where the licensee transacts business. Every license shall expire June 30 following its issuance and thereafter be renewed July 1 each year. Any license issued under this subdivision is automatically void upon the termination of the surety bond covering the licensed operation. The fee for each license shall be based on the following schedule:

License Fee	Penalty for Late Renewal	Dollar Volume of Business
\$ 30	\$10	\$10,000 or less per month
\$ 60	\$15	Over \$10,000 to \$50,000 per month
<u>\$180 \$300</u>	<u>\$45 \$75</u>	Over \$50,000 to \$100,000 per month
<u>\$240 \$400</u>	<u>\$60 \$100</u>	Over \$100,000 per month

A fee of ~~\$10~~ \$20 shall be charged for each certified copy of a license, ~~\$2~~ \$5 for each license identification card, and ~~\$2~~ \$5 for each license identification truck decal. The commissioner shall make appropriate license fee adjustments for up to one year from July 1, 1975 for persons required to be licensed hereunder, who hold validly issued licenses as of the effective date of Laws 1975, chapter 227 under the provisions of law amended or repealed herein. A licensee who sells, disposes of, or discontinues the licensee's business during the lifetime of a license shall at the time the action is taken, notify the commissioner in writing, and upon demand produce before the commissioner a full statement of all assets and liabilities as of the date of transfer or discontinuance of the business.

Money collected from license fees shall be deposited in the state treasury.

Sec. 40. Minnesota Statutes 1986, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

The fees for licenses and the penalties for late renewal of licenses set in this section apply to the sections named except as provided under section 28A.09. Except as specified herein, bonds and assessments based on number of units operated or volume handled or processed which are provided for in said laws shall not be affected, nor shall any penalties for late payment of said assessments, nor shall inspection fees, be affected by this chapter.

Type of food handler	License Fee	Penalty
1. Retail food handler		
(a) Having gross sales of less than \$50,000 for the immediately previous license or fiscal year	\$ 25 <u>\$40</u>	\$10

(b) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$ 50 <u>\$75</u>	<u>\$13</u> <u>\$25</u>
(c) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$100</u> <u>\$125</u>	<u>\$25</u> <u>\$50</u>
(d) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$200</u> <u>\$250</u>	<u>\$50</u> <u>\$75</u>
2. Wholesale food handler	<u>\$100</u>	<u>\$25</u>
(a) <u>Having gross sales of less than \$250,000 for the immediately previous license or fiscal year</u>	<u>\$100</u>	<u>\$25</u>
(b) <u>Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$150</u>	<u>\$38</u>
(c) <u>Having over \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$200</u>	<u>\$50</u>
3. Food broker	\$ 50 <u>\$75</u>	<u>\$13</u> <u>\$25</u>
4. Wholesale food processor or manufacturer		
(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	<u>\$150</u> <u>\$200</u>	<u>\$38</u> <u>\$50</u>
(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$200</u> <u>\$275</u>	<u>\$50</u> <u>\$75</u>
(c) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$250</u> <u>\$350</u>	<u>\$63</u> <u>\$100</u>
5. Wholesale food processor of meat or poultry products under supervision of the U.S. Department of Agriculture		
(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	\$ 75 <u>\$100</u>	<u>\$19</u> <u>\$25</u>
(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$ 90 <u>\$150</u>	<u>\$23</u> <u>\$50</u>
(c) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$105</u> <u>\$175</u>	<u>\$27</u> <u>\$50</u>

6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese      \$ 30      \$ 10

Sec. 41. Minnesota Statutes 1986, section 32.075, is amended to read:

**32.075 [TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.]**

Every license issued by the commissioner shall be for a period ending on the thirty-first day of December next following, and shall not be transferable. The fee for each such initial license shall be ~~\$25~~ \$50 and each renewal thereof shall be ~~\$10~~ \$25 and shall be paid to the commissioner before any license or renewal thereof is issued. If a license renewal is not applied for on or before January 1 of each year, a penalty of \$10 shall be imposed. A person who does not renew a license within one year following its December 31 expiration date, except those persons who do not renew such license while engaged in active military service, shall be required to prove competency and qualification pursuant to section 32.073, before a license is issued. The commissioner may require any other person who renews a license to prove competency and qualification in the same manner. All license fees and penalties received by the commissioner shall be paid into the state treasury.

Sec. 42. Minnesota Statutes 1986, section 32.59, is amended to read:

**32.59 [NONRESIDENT MANUFACTURER LICENSE.]**

Any person who manufactures frozen foods, mix, ice cream mix, mix base, or ice cream mix base outside of the state, for sale within the state, shall apply for registration with the department of agriculture in the form and with the information the commissioner requires. Samples of all frozen foods, mix, ice cream mix, mix base, or ice cream mix base, so manufactured for sale and sold within this state, must be submitted to the department. Each application for registration must be accompanied by a fee of ~~\$150~~ \$200, which is the registration fee if a certificate of registration is granted. If the department of agriculture finds that the samples submitted are up to the accepted standards and otherwise comply with the laws of this state, it shall issue to the applicant a certificate of registration. The penalty for a late registration application is ~~\$38~~ \$50 if the registration is not renewed by January 1 of any year.

Sec. 43. Minnesota Statutes 1986, section 40.01, subdivision 4, is amended to read:

Subd. 4. [~~STATE BOARD OR STATE SOIL AND WATER CONSERVATION AND SOIL RESOURCES BOARD.~~] "State board" or "~~state soil and water conservation and soil resources board~~" means the agency created in section 40.03 110B.35.

Sec. 44. Minnesota Statutes 1986, section 40.03, subdivision 4, is amended to read:

Subd. 4. [~~POWERS AND DUTIES.~~] In addition to the powers and duties hereinafter conferred upon the state soil and water conservation board by section 110B.35, it shall have the following powers and duties:

(1) ~~Prepare and present to the commissioner of agriculture a budget to finance the activities of the state board and the districts and to administer any law appropriating funds to districts. The board shall~~ Receive and disburse any grants made available to the state by the United States Department of Agriculture under the preferred program developed under United States Code, title 16, sections 2001 to 2009;

(2) Offer any appropriate assistance to the supervisors of the districts in implementing any of their powers and programs. Any funds made available to a district for expenditures necessary for the operations of the district shall be a grant to the district to be used only for purposes authorized by the state board pursuant to law. The soil and water conservation district may designate the board of county commissioners to act as the agent of the district to receive and expend these funds at the direction and with the approval of the board of supervisors of the district. At least annually the state board shall audit, in a manner it prescribes, the expenditure of funds so granted;

(3) Keep the supervisors of each district informed of the activities and experience of all other districts and facilitate cooperation and an interchange of advice and experience among the districts;

(4) Coordinate the programs and activities of the districts with appropriate agencies by advice and consultation;

(5) Approve or disapprove the plans or programs of districts relating to the use of state funds administered by the state board;

(6) Secure the cooperation and assistance of the appropriate agencies in the work of the districts and to develop a program to advise and assist appropriate agencies in obtaining state and federal funds for erosion, sedimentation, flooding and agriculturally related pollution control programs;

(7) Develop and implement a comprehensive public information program concerning the districts' activities and programs, the problems and preventive practices of erosion, sedimentation, agriculturally related pollution, flood prevention, and the advantages of formation of districts in areas where their organization is desirable;

(8) Subdivide and consolidate districts without a hearing or a referendum so as to confine districts within county limits, provided that no district, when feasible and practicable, shall contain less than four full or fractional congressional townships;

(9) Assist in the implementation of a statewide program for inventorying and classification of the types of soils throughout the state as determined by the Minnesota cooperative soil survey;

(10) Identify research needs and cooperate with other public agencies in research concerning the nature and extent of erosion, sedimentation, flooding and agriculturally related pollution, the amounts and sources of sediment and pollutants delivered to the waters of the state, and long-term soil productivity;

(11) Develop programs to reduce or prevent soil erosion, sedimentation, flooding and agriculturally related pollution, including but not limited to structural and land-use management practices;

(12) Develop a system of priorities within the state to identify the erosion, flooding, sediment and agriculturally related pollution problem areas that are most severely in need of control systems; and

(13) Ensure compliance with statewide programs and policies established by the state board pursuant to this section and section 40.02 by advice, consultation, and approval of grant agreements with the districts.

Sec. 45. Minnesota Statutes 1986, section 40.035, subdivision 2, is amended to read:

Subd. 2. For the purpose of developing the program plan, the state board may request any existing pertinent information from any state agency pursuant to section 40.03, subdivision 2, and may conduct any hearing it deems necessary.

Sec. 46. Minnesota Statutes 1986, section 40.21, subdivision 1, is amended to read:

Subdivision 1. [RULES AND MODEL ORDINANCE AS GUIDE.] The ~~commissioner of agriculture~~ water and soil resources board, in consultation with counties, soil and water conservation districts, and other appropriate agencies, shall adopt a model ordinance and

rules that serve as a guide for local governments to carry out the provisions of Laws 1985, chapter 256, sections 12 to 22 and sections 40.20 to 40.26, and provide administrative procedures for the state soil and water conservation board for Laws 1985, chapter 256, sections 12 to 21 and sections 40.20 to 40.26.

Sec. 47. Minnesota Statutes 1986, section 40.21, subdivision 3, is amended to read:

Subd. 3. [PERIODIC REVIEW.] At least once every five years the commissioner of agriculture state board shall review the rules and model ordinance in cooperation with counties, soil and water conservation districts, and appropriate agencies to ensure their continued applicability and relevance.

Sec. 48. Minnesota Statutes 1986, section 40.43, subdivision 1, is amended to read:

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. The commissioner of agriculture shall contract with the water and soil resources board to implement sections 40.40 to 40.44. 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.

Sec. 49. Minnesota Statutes 1986, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

(2) for filing annual statements, \$15;

(3) for each annual certificate of authority, \$15;

(4) for filing bylaws \$25 and amendments thereto, \$10.

(b) by other domestic and foreign companies including fraternal and reciprocal exchanges:

(1) for filing certified copy of certificate of articles of incorporation, ~~\$50~~ \$100;

(2) for filing annual statement, ~~\$30~~ \$225;

(3) for filing certified copy of amendment to certificate or articles of incorporation, ~~\$50~~ \$100;

(4) for filing bylaws, ~~\$25~~ \$75 or amendments thereto, ~~\$10~~ \$75;

(5) for each company's certificate of authority, ~~\$40~~ \$575, annually.

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, ~~\$5~~ \$15;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, ~~\$40~~ \$575;

(4) for receiving and forwarding each notice, proof of loss, summons, complaint or other process served upon the commissioner of commerce, as attorney for service of process upon any nonresident agent or insurance company, including reciprocal exchanges, \$15 plus the cost of effectuating service by certified mail, which amount must be paid by the party serving the notice and may be taxed as other costs in the action;

(5) for valuing the policies of life insurance companies, one cent per \$1,000 of insurance so valued. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(6) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(7) for issuing an initial license to an individual agent, \$20 per license, for issuing an initial agent's license to a partnership or corporation, \$50, and for issuing an amendment (variable annuity) to a license, \$20, and for renewal of amendment, \$20;



(8) for each appointment of an agent filed with the commissioner, a domestic insurer shall remit \$5 and all other insurers shall remit \$3;

(9) for renewing an individual agent's license, \$20 per year per license, and for renewing a license issued to a corporation or partnership, \$50 per year;

(10) for issuing and renewing a surplus lines agent's license, \$150;

(11) for issuing duplicate licenses, \$5;

(12) for issuing licensing histories, \$10;

(13) for processing checks returned due to insufficient funds, \$15;

(14) for filing forms and rates, ~~\$10~~ \$50 per filing. The commissioner shall adopt rules to define filings that are subject to a fee;

(14) for annual renewal of surplus lines insurer license, \$300.

Sec. 50. Minnesota Statutes 1986, section 60A.206, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR RECOGNITION.] An insurer not otherwise licensed to engage in the business of insurance in Minnesota may apply for recognition as an eligible surplus lines insurer by filing an application in the form and with the information as reasonably required by the commissioner regarding the insurer's financial stability, reputation, integrity and, operating plans, and by submitting a license fee of \$500. The commissioner may delegate to an association the power to process and make recommendations on applications for recognition as an eligible surplus lines insurer. Notwithstanding delegation by the commissioner, an applicant may file an application directly with the commissioner.

Sec. 51. Minnesota Statutes 1986, section 60A.23, subdivision 7, is amended to read:

Subd. 7. [LICENSES REQUIRED FOR EMPLOYERS MAKING DEDUCTIONS FROM WAGES FOR CERTAIN PURPOSES.] (1) [REQUIREMENTS.] No employer shall make deductions from the wages of employees for the purpose of furnishing them with life insurance, funeral benefits, medical or hospital care, accident, sickness or old age insurance or benefits, unless the employer first receives from the commissioner of commerce a license for the benefit plan the employer operates or proposes to operate. The license shall be granted only when the commissioner is satisfied that the benefits given are commensurate with the charges made and that the charges will keep the fund solvent. All licenses shall be for the period of one

year. The commissioner may require a statement of the operation of the fund, on a form to be prescribed by the commissioner, before granting a renewal. The fee for a license is ~~\$25~~ \$250 and for filing the annual statement ~~\$10~~ \$40. Any fees received by the commissioner pursuant to this subdivision shall be paid into the general fund. Before granting a license the commissioner of commerce shall submit the proposed plan to the chair of the workers' compensation court of appeals in order that the chair may determine whether the benefits are in conjunction with the benefits under the workers' compensation act.

(2) [EXCEPTIONS.] The requirements of clause (1) shall not apply to deductions made from the employees' wages for group insurance issued by insurers authorized to transact business in this state nor to railroad companies engaged in interstate commerce.

(3) [PENALTY.] Any person, firm, corporation, or association that makes deductions from the wages of an employee in violation of clause (1) shall be guilty of a misdemeanor.

Sec. 52. Minnesota Statutes 1986, section 70A.14, subdivision 4, is amended to read:

Subd. 4. [DURATION.] Licenses issued pursuant to this section shall remain in effect until the licensee withdraws from the state or until the license is suspended or revoked. The fee for each license shall be ~~\$100~~ \$1,000, payable every three years.

Sec. 53. Minnesota Statutes 1986, section 83.23, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION.] Unless the method of offer or sale is adopted for the purpose of evasion of sections 83.20 to 83.42, 83.43 and 83.44, subdivided lands may be registered by notification provided that all of the following requirements have been met:

(a) the subdivision consists of not more than 100 separate lots, units, parcels, or interests;

(b) at least 20 days prior to any offer pursuant to this subdivision, the subdivider must supply the commissioner, on forms which the commissioner may by rule prescribe, at least the following information:

(1) the name and address of the subdivider and the form and date of its organization if other than an individual;

(2) the location and legal description of the subdivision and the total number of lots, parcels, units, or interests;

(3) either a title opinion prepared and signed by an attorney licensed to practice law in the state wherein the subdivided land is situated; or a certificate of title insurance or its equivalent acceptable to the commissioner;

(4) a copy of each instrument which will be delivered to a purchaser to evidence the purchaser's interest in the subdivided lands and a copy of each contract or other agreement which a purchaser will be required to agree to or sign, together with the range of selling prices, rates, or rentals at which it is proposed to offer the lots, units, parcels, or interests in the subdivision, a list of fees the purchaser may be required to pay for amenities or membership in groups including, but not limited to, homeowners' associations, country clubs, golf courses, and other community organizations; and

(5) a copy of a signed and approved plat map or its equivalent;

(c) a filing fee of ~~\$100~~ \$150 has been paid;

(d) the subdivider is in compliance with the service of process provisions of section 83.39.

The commissioner may by rule or order withdraw or further condition registration by notification or increase or decrease the number of lots, units, parcels, or interests in subdivided lands permitted for registration by notification. If no stop order is in effect, no proceeding is pending, and no order has been issued under subdivision 4, a registration statement under this section automatically becomes effective at 5:00 in the afternoon on the 20th full business day after the filing of the registration statement or the last amendment, or at such earlier time as the commissioner by order determines.

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

Subdivisions in which all the improvements are complete and paid for by the developer, and for which clear title can be given the purchaser at the closing, are exempt from providing independently certified financial statements.

Sec. 54. Minnesota Statutes 1986, section 83.23, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATION.] Subdivided lands may be registered by qualification provided all of the following requirements have been met:

(a) an application for registration has been filed with the commissioner in a format which the commissioner may by rule prescribe;

(b) the commissioner has been furnished a proposed public offering statement complying with section 83.24;

(c) a filing fee of ~~\$250~~ \$400 plus an additional registration fee of \$1 for each lot, unit, parcel, or interest included in the offering accompanies the application. The maximum combined filing and registration fees shall in no event be more than ~~\$2,500~~ \$3,500;

(d) the subdivider is in compliance with service of process provisions of section 83.39;

(e) the commissioner has been furnished a financial statement of the subdivider's most recent fiscal year, audited by an independent certified public accountant; and, if the fiscal year of the subdivider is more than 90 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 90 days of the date of application.

Subdivisions in which all the improvements are complete and paid for by the developer, and for which clear title can be given the purchaser at the closing, are exempt from providing independently certified financial statements.

An application for registration under this section becomes effective when the commissioner so orders.

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

Sec. 55. Minnesota Statutes 1986, section 83.30, subdivision 2, is amended to read:

Subd. 2. [FEE.] Every annual report filed pursuant to section 83.23, subdivision 2, shall be accompanied by a fee of ~~\$50~~ \$75. Every annual report filed pursuant to section 83.23, subdivision 3, shall be accompanied by a fee of ~~\$100~~ \$150.

Sec. 56. Minnesota Statutes 1986, section 105.73, is amended to read:

#### 105.73 [DEFINITIONS.]

Unless the context clearly indicates a different meaning is intended, the following terms for the purposes of this chapter shall be given the meanings ascribed to them in this section.

Board—~~Minnesota~~ water and soil resources board.

Proceeding—Any procedure under any of the laws enumerated in section 105.74 however administrative discretion or duty thereunder may be invoked in any instance.

Agency—Any state officer, board, commission, bureau, division, or agency, other than a court, exercising duty or authority under any of the laws enumerated in section 105.74.

Court—The court means the district court or a judge thereof before whom the proceedings are pending.

Question of water policy—Where use, disposal, pollution, or conservation of water is a purpose, incident, or factor in a proceeding, the question or questions of state water law and policy involved, including either (a) determination of the governing policy of state law in the proceeding, resolving apparent inconsistencies between different statutes, (b) the proper application of that policy to facts in the proceeding when application is a matter of administrative discretion, or both (a) and (b).

Sec. 57. Minnesota Statutes 1986, section 110B.02, subdivision 2, is amended to read:

Subd. 2. [BOARD.] “Board” means the water and soil resources board.

Sec. 58. [110B.35] [WATER AND SOIL RESOURCES BOARD.]

Subdivision 1. [BOARD ESTABLISHED; MEMBERS.] The water and soil resources board is established as an agency of the state to perform the functions conferred upon it by law. The board is composed of 12 voting members knowledgeable of water and soil problems and conditions within the state. The board shall be appointed in accordance with this section. The membership of the board shall be as follows:

- (1) three county commissioners;
- (2) three soil and water conservation district supervisors;
- (3) three watershed district or watershed management organization representatives; and
- (4) three citizens who are not employed by, or the appointed or elected official of, any governmental office, board, or agency.

Subd. 2. [MEMBER DISTRIBUTION.] Members shall be distributed across the state with at least three members but not more than five members from the metropolitan area, as defined in section

473.121, subdivision 2, and one member from each of the soil and water conservation administrative regions.

Subd. 3. [EX OFFICIO NONVOTING MEMBERS.] The following agencies shall each provide one nonvoting member to the board:

- (1) department of agriculture;
- (2) department of health;
- (3) department of natural resources; and
- (4) pollution control agency.

Subd. 4. [NOMINEES.] All voting members must be appointed by the governor. The governor shall appoint a member of the board to serve as the chair, with the advice and consent of the senate. In making the appointments, the governor may consider persons recommended by the association of Minnesota counties, the Minnesota association of soil and water conservation districts, and the Minnesota association of watershed districts. The list submitted by an association shall contain at least three nominees for each applicable position to be filled.

Subd. 5. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] Except as provided in this subdivision and subdivision 1, the membership terms, compensation, removal of members and filling of vacancies on the board for the members specified in subdivision 1 shall be as provided in section 15.0575.

Subd. 6. [EMPLOYEES.] The board may employ an executive director who shall serve in the unclassified service and other permanent and temporary employees in accordance with chapter 43A. The board may prescribe the powers and duties of its officers and employees and may authorize its employees and members of the board to act on behalf of the board.

Subd. 7. [OFFICERS; QUORUM; RECORDS; AUDIT.] The board shall elect a vice-chair and any other officers that it considers necessary from its membership. A majority of the board shall constitute a quorum. The board may hold public hearings and adopt rules necessary to execute its duties provided in law.

Subd. 8. [ADMINISTRATIVE SERVICES.] The commissioner of administration shall provide and make available within the department of agriculture suitable and adequate office facilities and space for the board. The commissioner of agriculture shall provide and make available administrative services required by the board in administration of its functions.

Subd. 9. [POWERS AND DUTIES.] In addition to the powers and duties prescribed elsewhere, the board has the following powers and duties:

(1) coordinate the water and soil resources planning activities of counties, soil and water conservation districts, watershed districts, watershed management organizations, and any other local units of government through its various authorities for approval of local plans, administration of state grants, and by other means as may be appropriate;

(2) facilitate communication and coordination among state agencies in cooperation with the environmental quality board, and between state and local units of government, in order to make the expertise and resources of state agencies involved in water and soil resources management available to the local units of government to the greatest extent possible;

(3) coordinate state and local interests with respect to the study in southwestern Minnesota under United States Code, title 16, section 1009;

(4) develop information and education programs designed to increase awareness of local water and soil resources problems and awareness of opportunities for local government involvement in preventing or solving them;

(5) provide a forum for the discussion of local issues and opportunities relating to water and soil resources management;

(6) adopt an annual budget and work program that integrates the various functions and responsibilities assigned to it by law; and

(7) report to the governor and the legislature by October 15 of each even-numbered year with an assessment of board programs and recommendations for any program changes and board membership changes necessary to improve state and local efforts in water and soil resources management.

Subd. 10. [COMMITTEE FOR DISPUTE RESOLUTION.] A committee of the board is established to hear and resolve on behalf of the board disputes, appeals, and interventions under sections 105.72 to 105.79, 110B.25, 112.801, and 473.878, subdivision 7. The committee shall consist of the three citizen members of the board specified in subdivision 1, clause (4), and two additional members appointed by the board chair.

Sec. 59. Minnesota Statutes 1986, section 112.35, subdivision 4, is amended to read:

Subd. 4. "Board" means the Minnesota water and soil resources board established by section ~~105.74~~ 110B.35.

Sec. 60. Minnesota Statutes 1986, section 116C.03, subdivision 2, is amended to read:

Subd. 2. The board shall include as members the director of the state planning agency, the director of the pollution control agency, the commissioner of natural resources, the commissioner of agriculture, the commissioner of health, the commissioner of transportation, the chair of the water and soil resources board, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members shall have knowledge of and be conversant in water management issues in the state.

Sec. 61. Minnesota Statutes 1986, section 144.226, subdivision 3, is amended to read:

Subd. 3. [BIRTH CERTIFICATE COPY SURCHARGE.] In addition to any fee prescribed under subdivision 1, there shall be a surcharge of ~~\$2~~ \$3 for each certified copy of a birth certificate. The local or state registrar shall forward this amount to the commissioner of finance for deposit into the account for the children's trust fund for the prevention of child abuse established under section 299A.22. This surcharge shall not be charged under those circumstances in which no fee for a certified copy of a birth certificate is permitted under subdivision 1, paragraph (a). Upon certification by the commissioner of finance that the assets in that fund exceed \$20,000,000, this surcharge shall be discontinued.

Sec. 62. Minnesota Statutes 1986, section 296.17, subdivision 9a, is amended to read:

Subd. 9a. [MINNESOTA BASED INTERSTATE CARRIERS.] Notwithstanding the exemption contained in subdivision 9, as the commissioner of public safety enters into interstate fuel tax compacts which require base state licensing and filing and which eliminate filing in the nonresident compact states, the Minnesota based motor vehicles registered pursuant to section 168.187 will be required to license under the fuel tax compact in Minnesota.

The commissioner of public safety will have all the powers granted to the commissioner of revenue under this section, including the authority to collect and issue licenses, to collect the tax due, and issue any refunds. All license fees paid to the commissioner of public safety pursuant to subdivision 10 will be deposited in the general fund. The commissioner shall charge an annual fee of \$13 for applications for quarterly reporting of fuel tax under this subdivision.



Sec. 63. Minnesota Statutes 1986, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, or between July 1, 1985, and June 30, 1987, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, 1985, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) Except as provided in paragraph (f) (m), ~~37.5~~ 7.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 12.5~~ Two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) Except as provided in paragraph (f) (m), ~~56.25~~ 15 percent of the proceeds collected after June 30, 1989, and before July 1, ~~1991~~ 1990, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 18.75~~ Five percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) Except as provided in paragraph (f) (m), ~~75~~ 22.5 percent of the proceeds collected after June 30, ~~1991~~ 1990, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 25~~ Seven and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) Except as provided in paragraph (m), 30 percent of the proceeds collected after June 30, 1991, and before July 1, 1992, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in

that fund. Ten percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(g) Except as provided in paragraph (m), 37.5 percent of the proceeds collected after June 30, 1992, and before July 1, 1993, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twelve and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(h) Except as provided in paragraph (m), 45 percent of the proceeds collected after June 30, 1993, and before July 1, 1994, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Fifteen percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(i) Except as provided in paragraph (m), 52.5 percent of the proceeds collected after June 30, 1994, and before July 1, 1995, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Seventeen and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(j) Except as provided in paragraph (m), 60 percent of the proceeds collected after June 30, 1995, and before July 1, 1996, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twenty percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(k) Except as provided in paragraph (m), 67.5 percent of the proceeds collected after June 30, 1996, and before July 1, 1997, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twenty-two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(l) Except as provided in paragraph (m), 75 percent of the proceeds collected after June 30, 1997, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25

percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) (m) The distributions under paragraphs (c), (d), and (e) to (l) to the highway user tax distribution fund shall be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance shall, prior to making the transfers required under subdivision 1 on July 15 and January 15 of each year, estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period under subdivision 1.

Sec. 64. Minnesota Statutes 1986, section 299A.23, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] An advisory council of 15 members is established under section 15.059. The commissioners of human services, health, education, and corrections shall each appoint one member. The subcommittee on committees of the senate and the speaker of the house of representatives shall each appoint two members of their respective bodies, one from each caucus. The governor shall appoint an additional seven members who shall demonstrate knowledge in the area of child abuse and shall represent the demographic and geographic composition of the state, and to the extent possible, represent the following groups: local government, parents, racial and ethnic minority communities, the religious community, professional providers of child abuse prevention and treatment services, and volunteers in child abuse prevention and treatment services. The council shall advise and assist the commissioner in carrying out Laws 1986, chapter 423. The council shall not expire as provided by section 15.059, subdivision 5.

Sec. 65. Minnesota Statutes 1986, section 299A.25, subdivision 3, is amended to read:

Subd. 3. [USE OF FUNDS.] Priority must be given to applicants whose matching funds must do not consist, in whole or in part, of state or federal funds. Any trust fund money received must not be used to compensate for a decrease in previously existing funding levels unless that decrease is attributable to a decision made by state, federal, or other entities not controlled by the applicant and the applicant demonstrates that it has made reasonable efforts to retain all previously existing funding.

Sec. 66. Minnesota Statutes 1986, section 299A.25, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE EXPENSES.] For fiscal years 1988 and 1989, the commissioner may keep up to five percent retain up to \$200,000 of trust fund money collected in any year under sections 299A.26 and 144.226, subdivision 3, for administering and otherwise carrying out responsibilities under Laws 1986, chapter 423, except that. During fiscal year 1987 the commissioner may keep up to \$75,000 of trust fund money collected for these purposes. The approved complement of the department of public safety is increased by one unclassified and one classified position in the civil service of the state.

Sec. 67. Minnesota Statutes 1986, section 309.531, subdivision 1, is amended to read:

Subdivision 1. No person shall act as a professional fund raiser unless licensed by the department. Applications for a license shall be in writing, under oath, in the form prescribed by the department and shall be accompanied by an application fee of \$25 \$200. Each license shall be effective for a period of not more than 12 months from the date of issuance, and in any event shall expire on July 30 next following the date of issuance.

Sec. 68. Minnesota Statutes 1986, section 326.241, subdivision 3, is amended to read:

Subd. 3. [FEES AND FINANCES; DISPOSITION.] All license fees collected under the provisions of sections 326.241 to 326.248 are to be credited to the general fund. The expenses of administering sections 326.241 to 326.248 shall be paid from appropriations made to the board of electricity a special account in the state treasury. Money in the account is appropriated to the board of electricity to administer and enforce sections 326.241 to 326.248, to pay indirect costs, to compensate contract electrical inspectors for inspections performed, and to make refunds.

Sec. 69. Minnesota Statutes 1986, section 326.244, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] (a) At or before commencement of any installation required to be inspected by the board, the electrical contractor, installer, special electrician, or owner making the installation shall submit to the board a request for inspection, in a form prescribed by the board, together with the fees required for the installation.

(b) The fees required are a handling fee and an inspection fee: The handling fee shall be set by the board in an amount sufficient to pay the cost of printing and handling the form requesting an inspection. The inspection fee shall be set by the board in an amount sufficient to pay the actual costs of the inspection and the board's costs in administering the inspection. All fees shall be set pursuant to the procedure of sections 14.01 to 14.70.

(c) All handling fees shall be deposited in the general fund. All inspection fees collected pursuant to this section shall be deposited by the board in a special revenue bookkeeping account of the treasury and are appropriated to the board for the purpose of compensating contract inspectors for inspections performed, for transfer to the general fund of the portion of the fee representing inspection administration costs, and for making refunds.

(d) If the inspector finds that the installation is not in compliance with accepted standards of construction for safety to life and property as required by section 326.243, the inspector shall by written order condemn the installation or noncomplying portion thereof, or order service to the installation disconnected, and shall send a copy of the order to the board. If the installation or the noncomplying part will seriously and proximately endanger human life and property, the order of the inspector, when approved by the inspector's superior, shall require immediate condemnation or disconnection. In all other cases, the order of the inspector shall permit a reasonable opportunity for the installation to be brought into compliance with accepted standards of construction for safety to life and property prior to the effective time established for condemnation or disconnection.

(e) (d) Copies of each condemnation or disconnection order shall be served personally or by mail upon the property owner, and the electrical contractor, installer, or special electrician making the installation, and other persons as the board by rule may direct. An aggrieved party may appeal any condemnation or disconnection order by filing with the board a notice of appeal within ten days after (1) service upon the aggrieved party of the condemnation or disconnection order, if this service is required, or (2) filing of the order with the board, whichever is later. The appeal shall proceed and the order of the inspector shall have the effect the order, by its terms, and the rules of the board provides. The board shall adopt rules providing procedures for the conduct of appeals, including provisions for the

stay of enforcement of the order of the inspector pending such appeal when justified by the circumstances.

Sec. 70. Minnesota Statutes 1986, section 332.33, subdivision 3, is amended to read:

Subd. 3. Licenses granted by the commissioner of commerce under sections 332.31 to 332.45 shall expire on June 30. All renewals of licenses shall likewise expire on June 30. Each license shall plainly state the name and business address of the licensee, and shall be posted in a conspicuous place in the office where the business is transacted. The fee for each license shall be \$500 and renewal shall be \$100 \$400. A licensee who desires to carry on business in more than one place within the state shall procure a license for each place where the business is to be conducted.

Sec. 71. Minnesota Statutes 1986, section 332.33, subdivision 4, is amended to read:

Subd. 4. The commissioner may require such financial statements and references of all applicants for a license as the commissioner deems necessary; and may make or cause to be made an independent investigation concerning the applicant's reputation, integrity, competence, and net worth, at the expense of the applicant for such initial investigation, not to exceed \$100 \$500, and for that purpose may require such deposit against the cost thereof as the commissioner deems adequate. Such investigation may cover all managerial personnel employed by or associated with the applicant.

Sec. 72. Minnesota Statutes 1986, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [~~AMOUNT; I-394 FACILITIES AMOUNTS.~~] (a) The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding ~~\$8,500,000~~ \$17,000,000 for ~~expenditure~~ financial assistance to the commission, as prescribed in the implementation plan of the board and the capital program of the commission. ~~Of this~~

(b) The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount, no more than not exceeding \$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. 73. Minnesota Statutes 1986, section 473.876, is amended by adding a subdivision to read:

Subd. 1a. [BOARD.] "Board," unless the context indicates otherwise, means the water and soil resources board created in section 110B.35.

Sec. 74. Minnesota Statutes 1986, section 473.877, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF WATERSHED BOUNDARIES.] Before commencing planning under section 473.878, a watershed management organization established pursuant to section 471.59 and this section shall submit a map delineating the boundaries of the watershed to the water and soil resources board for review and comment on the conformance of the boundaries with the requirements of sections 473.875 to 473.883. The board shall have 60 days to comment.

Sec. 75. Minnesota Statutes 1986, section 473.8771, subdivision 1, is amended to read:

Subdivision 1. [BOUNDARY CHANGE.] The boundaries of a watershed district wholly within the metropolitan area may be changed pursuant to this subdivision or chapter 112. The governing board of a watershed management organization may petition the water and soil resources board for an order changing the boundaries of a watershed district wholly within the metropolitan area, either by adding new territory to the district or by transferring territory that is within the district to the jurisdiction of another watershed management organization. The petition must:

(a) describe with particularity the change in boundary requested, the territory affected, and the reasons for the change;

(b) show that the change is consistent with the purposes and requirements of sections 473.875 to 473.883; and

(c) identify any property subject to subdivision 3.

The petition must be accompanied by a written statement of concurrence in the petition from the governing body of each statutory or home rule charter city and town and each watershed management organization having jurisdiction over the territory proposed to be added or transferred. Upon the filing of a sufficient petition, the water resources board shall give notice of the filing of the petition by publication once each week for two successive weeks in a legal newspaper in each county affected and by mail to the county auditor of each county affected and to the chief official of each statutory or home rule charter city and township affected. The notice must describe the action proposed by the petition and invite written comments on the petition for consideration by the board. The notice

must announce that any person who objects to the action proposed in the petition may submit a written request for hearing to the board within 20 days of the last publication of the notice of the filing of the petition and that if no timely request for hearing is received the board will make a decision on the petition pursuant to this subdivision without conducting the public hearing required under chapter 112. If no timely request for hearing is received the board shall make a decision on the petition without a hearing within 30 days after the last publication of the notice. If one or more timely requests for hearing are received the board shall hold a hearing on the petition and shall follow the procedures in chapter 112 regarding notice and conduct of hearings. After completing the procedures required by this subdivision, the board shall, by its findings and order, make the boundary change requested if the board determines that:

(a) (i) the governing body of each statutory or home rule charter city and town and each watershed management organization having jurisdiction over the territory proposed to be added or transferred concurs in the petition,

(b) (ii) the change is consistent with the purposes and requirements of sections 473.875 to 473.883, and

(c) (iii) the change can be accomplished in conformance with subdivision 3.

The board shall file a certified copy of the findings and order with the secretary of state. The order making the change must conform to subdivision 3. The order making the change may amend the order prescribing the distribution of managers of the district.

Sec. 76. Minnesota Statutes 1986, section 473.8771, subdivision 2, is amended to read:

Subd. 2. [TERMINATION.] A watershed district wholly within the metropolitan area may be terminated pursuant to this subdivision or chapter 112. Proceedings for termination under this subdivision must be initiated by a petition to the water and soil resources board filed jointly by the governing bodies of all statutory and home rule charter cities and towns having jurisdiction over territory within the watershed. Upon the filing of a sufficient petition, the board shall hold a hearing in accordance with the procedures prescribed in chapter 112, to take testimony on the determinations required to be made by the board. Following the hearing, the board shall, by its findings and order, terminate the district as requested if the board determines:

(a) that the local units of government having jurisdiction over territory within the watershed have formed a joint powers organization for the watershed pursuant to section 473.877,



(b) that upon termination of the district the members of the joint powers organization, jointly or severally, are willing and able to assume ownership of the district's assets and the responsibility for managing and maintaining the district's projects as necessary to accomplish the purposes of sections 473.875 to 473.883 and to implement the watershed plan of the joint powers organization to be developed pursuant to section 473.878, and

(c) that the termination can be accomplished in conformance with subdivision 3.

The board shall file a certified copy of the findings and order with the secretary of state. The order terminating the district must transfer the assets of the district to the joint powers organization or its members. The order must conform to subdivision 3.

Sec. 77. Minnesota Statutes 1986, section 473.878, subdivision 7, is amended to read:

Subd. 7. [REVIEW BY STATE AGENCIES.] After completion of the review under subdivision 6, the plan shall be submitted to the commissioner of natural resources and the pollution control agency for review and comment on the consistency of the plan with state laws and rules relating to water and related land resources, and to the water and soil resources board for review under section 112.46. Except as otherwise provided in this subdivision, the water and soil resources board shall review the plan as provided in section 112.46. The board shall review the plan for conformance with the requirements of chapter 112 and sections 473.875 to 473.883. The board shall not prescribe a plan, but may disapprove all or parts of a plan which it determines is not in conformance with the requirements of chapter 112 and sections 473.875 to 473.883. If the capital improvement program is the subject of a dispute between counties, the water and soil resources board shall make a final decision on the issue. The decision shall be binding on the organization and the counties involved.

Sec. 78. Minnesota Statutes 1986, section 473.878, subdivision 8, is amended to read:

Subd. 8. [ADOPTION; IMPLEMENTATION.] The organization shall adopt and implement its plan within 120 days after compliance with the provisions of subdivision 7 and approval of the plan by the water and soil resources board. A watershed district may implement its approved plan and approved capital improvement program by resolution of the majority of the board of managers and without respect to the provisions of chapter 112 requiring the managers to wait upon petitions for projects, to submit projects for review by the water and soil resources board, and to limit the cost and purposes of projects.

Sec. 79. [REPEALER.]

Minnesota Statutes 1986, sections 17.039; 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; 116C.41, subdivision 2; and 473.398, are repealed.

Sec. 80. [EFFECTIVE DATE.]

The appropriations allocated for the fiscal year ending June 30, 1987, in sections 5, subdivision 10, and 8, subdivision 2, are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; requiring studies and reports; prescribing and providing for certain funds, accounts, taxes, fares, and fees; amending Minnesota Statutes 1986, sections 12.14; 17A.04, subdivision 5; 18.51, subdivision 2; 18.52, subdivision 5; 18.53; 27.041, subdivision 2; 28A.08; 32.075; 32.59; 40.01, subdivision 4; 40.03, subdivision 4; 40.035, subdivision 2; 40.21, subdivisions 1 and 3; 40.43, subdivision 1; 60A.14, subdivision 1; 60A.206, subdivision 2; 60A.23, subdivision 7; 70A.14, subdivision 4; 83.23; subdivisions 2 and 3; 83.30, subdivision 2; 105.73; 110B.02, subdivision 2; 112.35, subdivision 4; 116C.03, subdivision 2; 144.226, subdivision 3; 296.17, subdivision 9a; 297B.09, subdivision 2; 299A.23, subdivision 2; 299A.25, subdivisions 3 and 6; 309.531, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 332.33, subdivisions 3 and 4; 473.39, subdivision 1a; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1986, sections 17.039; 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; 116C.41, subdivision 2; and 473.398."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 940, A bill for an act relating to retirement; various employee pension plans; specifying that exemptions from legal process do not include marital property divisions; requiring the provision of certain pension plan information in marriage dissolution actions; providing for court appointed actuaries in marriage dissolution actions; amending Minnesota Statutes 1986, sections 69.51; 352.15, subdivision 1; 352.96, by adding a subdivision; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 424.27; 518.54, subdivision 5, and by adding subdivisions;

and 518.58; proposing coding for new law in Minnesota Statutes, chapters 356 and 518.

Reported the same back with the following amendments:

Page 13, after line 30, insert:

“Sec. 20. [BENEFIT CONVERSION IN CERTAIN CASES.]

Subdivision 1. [ENTITLEMENT.] A retired member of the public employees retirement association, who was born on May 4, 1921, was employed by the city of Edina from September 1, 1965, to March 16, 1984, who elected a joint and survivor annuity pursuant to Minnesota Statutes, section 353.30, subdivision 3, who had their second marriage dissolved on August 20, 1986, shall be entitled to make the election specified in subdivision 2.

Subd. 2. [ELECTION.] A retired member described in subdivision 1 may elect to convert the joint and survivor annuity from the public employees retirement association covering the spouse of the second marriage to a single life annuity. Notice of the election must be filed with the association within 90 days after the effective date of this section. The single life annuity shall be the actuarial equivalent of the joint and survivor annuity payable on the date of the election of the benefit conversion.”

Page 13, line 32, delete “and” and insert a comma and after “13” insert “, and 20”

Re-number the remaining section

Amend the title as follows:

Page 1, line 7, after the semicolon insert “authorizing conversion of a certain joint and survivor annuity;”

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1029, A bill for an act relating to property transfers; expanding the manner for creating custodial property under the uniform transfers to minors act; amending Minnesota Statutes 1986, section 527.29.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1115, A bill for an act relating to crime; prohibiting harassment on private property; prohibiting following and stalking with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; making it a misdemeanor to intentionally harass another by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.746; 609.79, subdivision 1; and 609.795.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 609.02, is amended by adding a subdivision to read:

Subd. 12. [HARASS.] As used in sections 609.605, subdivision 1, clause (13), 609.746, 609.79, and 609.795, “harass” means to interfere with another person by continued or repeated acts so as to persecute or oppress that person.

Sec. 2. Minnesota Statutes 1986, section 609.02, is amended by adding a subdivision to read:

Subd. 3. [THREATEN.] As used in sections 609.605, subdivision 1, clause (13), 609.746, 609.79, and 609.795, “threaten” means to express a purpose or intent to injure the person, property, or rights of another by the commission of an unlawful act.

Sec. 3. Minnesota Statutes 1986, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] Whoever intentionally does any of the following is guilty of a misdemeanor:

(1) smokes in a building, area, or common carrier in which “no smoking” notices have been prominently posted, or when requested not to by the operator of the common carrier; or

(2) trespasses or permits animals under the actor’s control to trespass upon a railroad track; or

(3) permits domestic animals or fowls under the actor’s control to go upon the lands of another within a city; or

(4) interferes unlawfully with any monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land; or

(5) trespasses upon the premises of another and, without claim of right, refuses to depart therefrom on demand of the lawful possessor thereof; or

(6) occupies or enters the dwelling of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation. As used in this clause, "dwelling" means the building or part of the building used by an individual as a place of residence on either a full-time or a part-time basis. The dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8; or

(7) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing thereon without the permission of the owner or occupant; or

(8) refuses the request of the operator of a public conveyance to either pay the required fare or leave the conveyance; or

(9) takes any animal on a public conveyance without the consent of the operator; or

(10) without the permission of the owner, tampers with or gets into or upon a motor vehicle as defined in section 609.55, subdivision 1, or rides in or upon such motor vehicle knowing it was taken and is being driven by another without the permission of the owner; or

(11) enters or is found upon the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; or

(12) without authorization of the adjutant general enters or is present upon the Camp Ripley military reservation; or

(13) returns to the property of another with the intent to harass, abuse, or threaten another, after being told to leave the property and not to return, if the actor has no claim of right to the property and no consent of one with authority to consent.

Sec. 4. Minnesota Statutes 1986, section 609.746, is amended to read:

609.746 [INTERFERENCE WITH PRIVACY.]

Subdivision 1. [SURREPTITIOUS INTRUSION.] Any. A person who enters upon another's property and surreptitiously gazes, stares, or peeps in the window of a house or place of dwelling of another with intent to intrude upon or interfere with the privacy of a member of the household thereof is guilty of a misdemeanor.

Subd. 2. [INTRUSION ON PRIVACY.] A person who, with the intent to harass, abuse, or threaten another, repeatedly follows or pursues another, after being told not to do so by the person being followed or pursued, is guilty of a misdemeanor. This subdivision does not apply to a member of the news media who repeatedly follows another in a public place for the purpose of gathering information or photographs for a news story.

Sec. 5. Minnesota Statutes 1986, section 609.79, subdivision 1, is amended to read:

Subdivision 1. Whoever,

(1) By means of a telephone,

(a) Makes any comment, request, suggestion or proposal which is obscene, lewd, or lascivious, filthy or indecent,

(b) Repeatedly makes a telephone call calls, whether or not conversation ensues, without disclosing the caller's identity and with intent to annoy, abuse, threaten, or harass any person at the called number,

(c) Makes or causes the telephone of another repeatedly or continuously to ring, with intent to harass any person at the called number, or

(2) Having control of a telephone, knowingly permits it to be used for any purpose prohibited by this section, shall be guilty of a misdemeanor.

Sec. 6. Minnesota Statutes 1986, section 609.795, is amended to read:

609.795 [OPENING SEALED LETTER, TELEGRAM, OR PACKAGE; OPENING; HARASSMENT.]

Whoever does either any of the following is guilty of a misdemeanor:

(1) Knowing that the actor does not have the consent of either the sender or the addressee, intentionally opens any sealed letter, telegram, or package addressed to another; or

(2) Knowing that a sealed letter, telegram, or package has been opened without the consent of either the sender or addressee, intentionally publishes any of the contents thereof; or

(3) With the intent to harass, abuse, or threaten repeatedly uses the mails or delivers letters, telegrams, or packages.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime; amending trespass law to prohibit harassment on private property; prohibiting following and pursuing with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; prohibiting intentional harassment by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.02, by adding subdivisions; 609.605, subdivision 1; 609.746; 609.79, subdivision 1; and 609.795."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1129, A bill for an act relating to crimes; domestic assault; requiring courts to issue written orders for conditional release; requiring arrest on violation of conditions of release; providing for notice to alleged victims of conditions of release; amending Minnesota Statutes 1986, section 629.72, subdivision 2, and by adding subdivisions.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"Section 1. [611A.037] [RIGHT TO SUBMIT STATEMENT AT SENTENCING.]

Subdivision 1. [IMPACT STATEMENT.] A victim has the right to submit an impact statement, either orally and/or in writing, to the court at the time of sentencing or disposition hearing.

Statements may include the following, subject to reasonable limitations as to time and length:

(1) a summary of the harm or trauma suffered by the victim as a result of the crime;

(2) a summary of the economic loss or damage suffered by the victim as a result of the crime; and

(3) the victim's recommendation for an appropriate sentence or disposition, and the victim's objections, if any, to the proposed sentence or disposition."

Page 1, line 21, after "victim" insert "of the alleged assault"

Page 1, line 26, after "proceedings," insert "or will protect the victim of the alleged assault,"

Page 2, line 5, before the period insert "and shall provide the agency having custody of the arrested person with any available information on the location of the victim in a manner that protects the victim's safety"

Page 2, line 5, after the period insert "Either the court or its designee or the agency having custody of the arrested person shall serve upon the defendant a copy of the order."

Page 2, line 25, after "person" insert "or its designee"

Page 2, line 26, delete "orally"

Page 2, line 26, after "inform" insert "orally"

Page 2, line 28, delete "and"

Page 2, line 31, after "appearance" insert "; and

(4) the location and telephone number of the area battered women's shelter as designated by the department of corrections"

Page 2, line 34, after "person" insert "or its designee"

Page 2, line 34, after "must" insert "personally"

Page 2, line 34, after "deliver" insert "or mail"

Page 3, line 2, before "Sections" insert "Section 1 is effective August 1, 1987."



Page 3, line 2, delete "1 to 3" and insert "2 to 4"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 2, delete "domestic assault" and insert "permitting victims to submit an impact statement to the court"

Page 1, line 8, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 611A"

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1148, A bill for an act relating to liquor; items which may be sold in exclusive liquor stores; amending Minnesota Statutes 1986, section 340A.101, subdivision 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 299A.02, subdivision 3, is amended to read:

Subd. 3. [REPORTS; RULES.] The commissioner shall have power to require periodic factual reports from all licensed importers, manufacturers, wholesalers and retailers of intoxicating liquors and to make all reasonable rules to effect the object of Laws 1985, chapter 305, articles 2 to 11. The rules shall include provisions for assuring the purity of intoxicating liquors and the true statement of its contents and proper labeling thereof with regard to all forms of sale. No rule may require the use of new containers in aging whiskey. No rule may require cordials or liqueurs to contain in excess of two and one-half percent by weight of sugar or dextrose or both. No rule may prohibit wine or other commodities from being offered at wholesale on original or assorted cases with distilled spirits or vice versa.

Sec. 2. Minnesota Statutes 1986, section 340A.101, subdivision 10, is amended to read:

Subd. 10. [EXCLUSIVE LIQUOR STORE.] "Exclusive liquor store" is an establishment used exclusively for the sale of intoxicat-

ing liquor except for the incidental sale of ice, tobacco, nonintoxicating malt liquor, beverages for mixing with intoxicating liquor, and soft drinks may also be sold, cork extraction devices, and books and videos on the use of alcoholic beverages in the preparation of food, and the establishment may offer recorded or live entertainment and make available coin-operated amusement devices. "Exclusive liquor store" also includes an on-sale or combination on-sale and off-sale intoxicating liquor establishment which sells food for on-premise consumption when authorized by the municipality issuing the license.

Sec. 3. Minnesota Statutes 1986, section 340A.410, is amended by adding a subdivision to read:

Subd. 9. [COIN-OPERATED DEVICES.] Coin-operated amusement devices may not be made available in establishments licensed solely for the off-sale of intoxicating liquor or municipal stores which sell only at off-sale. An establishment holding a combination on-sale and off-sale license or a municipal liquor store which sells at on-sale and off-sale which makes coin-operated devices available shall keep such devices to the greatest extent practicable in that area of the establishment where on-sales are made.

Sec. 4. [REPEALER.]

Minnesota Statutes 1986, sections 34.119, 34.12, 34.13, and 34.14 are repealed."

Delete the title and insert:

"A bill for an act relating to liquor; limitations on rule-making authority of commissioner; items which may be sold in exclusive liquor stores; locations where coin-operated amusement devices may be kept; amending Minnesota Statutes 1986, sections 299A.02, subdivision 3; 340A.101, subdivision 10; and 340A.410, by adding a subdivision; repealing Minnesota Statutes 1986, sections 34.119, 34.12, 34.13, and 34.14."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1165, A bill for an act relating to public safety; imposing mandatory minimum penalties on habitual DWI offenders; amend-

ing Minnesota Statutes 1986, section 169.121, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 17, delete everything after the comma.

Page 1, delete lines 18 to 20

Page 1, line 21, delete "commissioner." and delete "also" and delete "either:" and insert "a minimum of 30 days imprisonment or to eight hours of community work service for each day less than 30 days that the person is ordered to serve in jail."

Page 1, delete lines 22 to 24

Page 2, line 3, delete "term of imprisonment" and insert "sentence"

Page 2, line 5, delete "for it"

Page 2, after line 12, insert:

"Sec. 2. [STUDY OF MANDATORY MINIMUM SENTENCING PROVISION.]

The state planning agency shall monitor the implementation and use of the mandatory minimum sentencing provisions contained in section 169.121, subdivision 3a, and shall report to the legislature by January 1, 1989, with its findings and recommendations, if any."

Renumber the remaining section

Page 2, line 15, after the period insert "Section 2 is effective August 1, 1987."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "requiring a report;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1194, A bill for an act relating to economic development; renaming the agricultural resource loan guaranty board; providing

powers; authorizing the board to participate in loans; appropriating money; amending Minnesota Statutes 1986, sections 41A.01; 41A.02, subdivisions 3, 4, 5, 6, 11, and 15; 41A.03, subdivisions 4 and 5; 41A.04, subdivision 1; 41A.05, subdivisions 1, 2, 3, and 5; 41A.06, subdivision 1; 297A.44, subdivision 1; 362A.041; and 362A.05; proposing coding for new law in Minnesota Statutes, chapter 41A.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1214, A bill for an act relating to the legislature; providing for a study by the commission on the economic status of women of gender bias in the courts; providing for direction of the study and appointment of an advisory task force by the supreme court; appropriating money.

Reported the same back with the following amendments:

Page 1, line 10, delete "commission on the economic status of women" and insert "supreme court"

Page 1, delete line 18

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

Page 1, line 23, delete "commission" and insert "supreme court"

Page 1, line 24, delete "and the supreme court"

Page 2, line 2, delete "commission on the economic status of women" and insert "supreme court"

Amend the title as follows:

Page 1, line 3, delete "commission on the economic status of women" and insert "supreme court"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1279, A bill for an act relating to agriculture; transferring authority of the commissioner of energy and economic development relating to governor's council on rural development to the commissioner of agriculture; authorizing loan and grant programs; providing for new members; appropriating money; amending Minnesota Statutes 1986, sections 116J.951; 116J.955; and 116J.961, subdivisions 1, 2, 3, 5, 8, and 9; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1986, section 116J.961, subdivision 10.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1396, A bill for an act relating to civil actions; clarifying the statute of limitations applicable to actions regarding manufacturers or suppliers of material containing asbestos; proposing coding for new law in Minnesota Statutes, chapter 541.

Reported the same back with the following amendments:

Page 1, line 9, delete the headnote

Page 1, delete lines 10 to 19

Page 1, line 20, delete "Subd. 2."

Page 2, line 5, after the period insert "Nothing in this section shall be construed to imply that suits would otherwise be barred by an existing limitations period."

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.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1420, A bill for an act relating to public safety; allowing bureau of criminal apprehension to permit amateur radio operators to use radio equipment capable of receiving police emergency radio

frequency; amending Minnesota Statutes 1986, section 299C.37, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 299C.37, subdivision 1, is amended to read:

Subdivision 1. No person other than peace officers within the state and, the members of the state patrol, and persons who hold an amateur radio license issued by the Federal Communications Commission, shall equip any motor vehicle with any radio equipment or combination of equipment, capable of receiving any radio signal, message, or information from any police emergency frequency, or install, use or possess the same equipment in such a motor vehicle without first obtaining permission to do so from the superintendent of the bureau upon such a form of application as prescribed by the superintendent may prescribe. An amateur radio license holder may not equip any motor vehicle with radio equipment capable of receiving a police emergency frequency nor install, use, or possess the equipment in any motor vehicle if the license holder has been convicted in this state or elsewhere of a crime of violence, as defined in section 624.712, subdivision 5, unless (1) ten years have elapsed since the person has been restored to civil rights or the sentence has expired, whichever occurs first, and (2) during that time the person has not been convicted of any other crime of violence. For purposes of this section, “crime of violence” includes crimes in other states or jurisdictions which would have been crimes of violence if they had been committed in this state. Any radio equipment capable of receiving a police emergency frequency which is installed, used, or possessed in a motor vehicle by an amateur radio license holder must be under the direct control of the license holder whenever it is used. An amateur radio license holder who operates a motor vehicle equipped with radio equipment capable of receiving a police emergency frequency shall carry the amateur radio license in the motor vehicle at all times and shall present the license to a peace officer upon request. Any person who is convicted of a violation of this subdivision shall, upon conviction for the first offense, be guilty of a misdemeanor, and for the second and subsequent offenses shall be guilty of a gross misdemeanor.”

Amend the title as follows:

Page 1, line 6, delete “3” and insert “1”

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1473, A bill for an act relating to natural resources; authorizing certain watershed districts in the seven-county metropolitan area to increase the administrative fund amount; amending Minnesota Statutes 1986, section 112.61, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [RICE CREEK WATERSHED DISTRICT.]

Notwithstanding Minnesota Statutes, section 112.61, subdivision 3, Rice Creek watershed district may levy an amount not to exceed \$200,000 for the administrative fund.”

Delete the title and insert:

“A bill for an act relating to natural resources; authorizing Rice Creek watershed district to increase the administrative fund amount.”

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

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

H. F. No. 1496, A bill for an act relating to human services; altering allocation of federal fiscal disallowances based on error rates; amending Minnesota Statutes 1986, section 256.01, subdivision 2.

Reported the same back with the following amendments:

Page 5, after line 3, insert:

“Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for all sanction payments made after January 1, 1987.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1595, A bill for an act relating to the judiciary; public defenders; requiring the state board of public defense to adopt standards governing district public defender offices; authorizing the state board of public defense to fix the salary of the state public defenders; requiring the state public defender to provide training for state and district public defenders; providing that compensation of district public defenders may not exceed compensation of county attorneys; allowing representation of indigents by public defender before formal appointment; providing for state funding of district public defenders by weighted caseload; appropriating money; amending Minnesota Statutes 1986, sections 611.215, subdivisions 1 and 2; 611.216, subdivisions 1, 2, and 3; 611.23; 611.24; 611.25; 611.26, subdivisions 1, 2, 3, 4, and 6; and 611.27, subdivisions 1, 2, and 3; proposing coding for new law in Minnesota Statutes, chapter 611; repealing Minnesota Statutes 1986, sections 611.22; and 611.26, subdivisions 5 and 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [611.214] [APPLICABILITY.]

Sections 611.26 and 611.27 do not apply to Hennepin county or to Ramsey county.

Sec. 2. Minnesota Statutes 1986, section 611.215, subdivision 1, is amended to read:

Subdivision 1. [CREATION; MEMBERSHIP.] There is created a The state board of public defense as is a part of, but is not subject to the administrative control of, the judicial branch of government. The state board of public defense shall consist of seven members appointed by the supreme court including:

- (a) (1) a district, county or county municipal court trial judge;
- (b) (2) four attorneys admitted to the practice of law, well acquainted with the defense of persons accused of crime, but not publicly employed as a prosecutor or defense counsel prosecutors; and
- (c) (3) two public members.



All members shall demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation. ~~In making the four appointments of attorneys at law, the supreme court shall first consider a list of at least three nominees for each position submitted to the supreme court by the state bar association.~~ The terms, compensation and removal of members shall be as provided in section 15.0575. The chair shall be elected by the members from among the membership for a term of two years.

Sec. 3. Minnesota Statutes 1986, section 611.215, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND RESPONSIBILITIES.] (a) The state board of public defense shall have those duties and responsibilities imposed upon it by this chapter appoints the state public defender, who serves for a term of four years. The board must prepare an annual report to the governor, the legislature, and the supreme court on the operation of the state public defender's office, district defender systems, and appointed counsel systems. The board must approve and recommend to the legislature a budget for the office of state public defender. The board must establish procedures for the district defenders and for public defense corporations to apply for state funding under this chapter.

(b) The board must establish standards for the offices of district public defenders and for the conduct of all appointed counsel systems. The standards must include, but are not limited to:

(1) standards needed to maintain and operate an office of public defender including requirements regarding the qualifications, training, and size of the legal and supporting staff for a public defender or appointed counsel system;

(2) standards for public defender caseloads;

(3) standards and procedures for the eligibility for appointment, assessment, and collection of the costs for legal representation provided by public defenders or appointed counsel;

(4) standards for contracts between a board of county commissioners and a county public defender system for the legal representation of indigent persons;

(5) standards prescribing minimum qualifications of counsel appointed under the board's authority or by the courts; and

(6) standards to require the reporting of statistical data by district public defenders and appointed counsel systems throughout the state.

Sec. 4. Minnesota Statutes 1986, section 611.216, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] The board of public defense shall establish procedures for public defense corporations based in this state to apply for funding by the legislature. The applications must be submitted to the board. The board must review and prioritize them and include a recommended funding level for each corporation in the budget request the board submits to the legislature. Money appropriated to provide criminal and juvenile defense to indigent individuals must be distributed by the board of public defense to the nonprofit criminal and juvenile defense corporations included in the board's budget request or otherwise designated by law. Money may not be disbursed to a corporation in the Leech Lake reservation area or the White Earth reservation area without prior approval by the respective reservation ~~business committee~~ tribal council. ~~Within its geographic area of responsibility each~~ A corporation ~~shall~~ may accept cases involving felony, gross misdemeanor, and misdemeanor charges, and juvenile cases if financial eligibility standards are met, unless there is a legal or ethical reason for rejecting a case. A corporation may accept cases arising outside its geographic area of responsibility, as appropriate. Each corporation, in order to ensure broad support, shall provide matching money received from nonstate sources, which may include money or in-kind contribution from federal agencies, local governments, private agencies, and community groups, equal to ten percent of its state appropriation. The board of public defense shall give notice 30 days in advance and conduct a hearing if it has reasonable grounds to believe money appropriated for this purpose is being improperly used, or if it has reasonable cause to believe criminal and juvenile defense of proper quality is not being supplied. Payment must cease from the date of notice until either the board of public defense determines that the money appropriated will be properly handled, or the board of public defense determines that criminal and juvenile defense of proper quality will be provided. A participating corporation may give notice at any time of its withdrawal from this program of financial assistance.

Sec. 5. Minnesota Statutes 1986, section 611.216, subdivision 2, is amended to read:

Subd. 2. [DISCRIMINATION; PENALTY.] An employee, administrator, ~~or~~ officer, contractor, or agent of a recipient of the money provided by this section who discriminates on the basis of sex, race, color, national origin, religion, or creed is guilty of a gross misdemeanor.

Sec. 6. Minnesota Statutes 1986, section 611.216, subdivision 3, is amended to read:

Subd. 3. [REPORT.] Each corporation shall submit to the board of public defense ~~twice each year a report on a form supplied by the~~

council reports showing, at a minimum, the number of clients served, the number of charges brought, the number of cases of each kind, such as felonies, gross misdemeanors, misdemeanors, and juvenile delinquencies, the number of dispositions of each kind, such as jury trials, court trials, plea bargains guilty pleas, and dismissals, and the number of court appearances, and financial data. This information must be summarized for each corporation in the budget documents submitted to the legislature.

Sec. 7. Minnesota Statutes 1986, section 611.23, is amended to read:

**611.23 [OFFICE OF STATE PUBLIC DEFENDER; APPOINTMENT; SALARY.]**

The office of state public defender is under the supervision of the state board of public defense. The state public defender shall be appointed by the state board of public defense for a term of four years, except as otherwise provided herein in this section, and until a successor is appointed and qualified. The state public defender shall be a qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state, and be removed only for cause by the appointing authority. Vacancies in the office shall be filled by the appointing authority for the unexpired term. The salary of the state public defender shall be fixed by law. Terms of the state public defender shall commence on January 1. The state public defender shall devote full time to the performance of duties and shall not engage in the general practice of law.

Sec. 8. Minnesota Statutes 1986, section 611.24, is amended to read:

**611.24 [ORGANIZATION OF OFFICE; ASSISTANTS.]**

The state public defender, subject to the supervision of the state board of public defense, may employ or retain assistant state public defenders and other personnel as may be necessary to discharge the function of the office. The commissioner of administration shall provide the office with suitable quarters outside the capitol building. An assistant public defender shall be a qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state if employed, and serve at the pleasure of the appointing authority at a salary or retainer fee not to exceed reasonable compensation for comparable services performed for other governmental agencies or departments. Retained or part-time employed assistant state public defenders may engage in the general practice of law.

Sec. 9. Minnesota Statutes 1986, section 611.25, is amended to read:

## 611.25 [POWERS; DUTIES; LIMITATIONS.]

Subdivision 1. [REPRESENTATION.] The state public defender shall represent, without charge, a defendant or other person appealing from a conviction or pursuing a post conviction proceeding after the time for appeal has expired when the state public defender is directed to do so by a judge of the district court, of the court of appeals or of the supreme court. The state public defender shall represent any other person, who is financially unable to obtain counsel, when directed to do so by the supreme court or the court of appeals, except that the state public defender shall not represent a person in any action or proceeding in which a party is seeking a monetary judgment, recovery or award. When requested by a district public defender or appointed counsel, the state public defender may assist a the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties when the district public defender requests, including trial representation in matters involving legal conflicts of interest or other special circumstances, and assistance with legal research and brief preparation. Whenever When the state public defender is directed by a court to represent any a defendant or other person, with the approval of the court the state public defender may, with the court's approval, assign the representation to any district public defender.

Subd. 2. [GENERAL DUTIES.] The state public defender may provide management advice to district public defenders and appointed counsel, consistent with the standards established by the state board of public defense. The state public defender also shall supervise design and conduct programs for the training of all state and district public defenders, and may establish a training course for such purpose.

Sec. 10. Minnesota Statutes 1986, section 611.26, subdivision 1, is amended to read:

Subdivision 1. A majority of the judges of any judicial district not subject to the provisions of section 611.12, except the second district, may, by written order filed with the state board of public defense, establish in the district the public defender system provided in Laws 1965, chapter 869. The order shall be effective 30 days after its filing. Notwithstanding this subdivision the state public defender may assist the public defenders of the second and fourth judicial districts at their request. Each judicial district must have a district public defender. Public defenders and appointed counsel may request the assistance of the state public defender as provided in section 611.25, subdivision 1.

Sec. 11. Minnesota Statutes 1986, section 611.26, subdivision 2, is amended to read:

Subd. 2. Upon the filing of an order pursuant to subdivision 1 The state board of public defense shall appoint a district public defender after receiving recommendations from the public, members of the legal profession, the judges of the district, and the county commissioners of the counties within the district. Each district public defender shall be a qualified attorney, licensed to practice law in this state. The district public defender shall be appointed for a term of four years, beginning January 1. The district public defender may be removed for cause upon the order of the state board of public defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

Sec. 12. Minnesota Statutes 1986, section 611.26, subdivision 3, is amended to read:

Subd. 3. The compensation of the district public defender for each judicial district shall be is set by the board of public defense at a specified sum per month or an hourly or per diem basis. The compensation of each assistant district public defender is set by the district public defender with the approval of the board of public defense. The compensation for district public defenders may not exceed the prevailing compensation for county attorneys within the district, and the compensation for assistant district public defenders may not exceed the prevailing compensation for assistant county attorneys within the district. To assist the board of public defense in determining prevailing compensation under this subdivision, counties must include in their review and comment on proposed district public defender budgets information on the compensation of county attorneys, including salaries and benefits, rent, secretarial staff, and other reasonable budget data. For purposes of this subdivision, compensation means salaries, cash payments, and employee benefits including paid time off and group insurance benefits, and other direct and indirect items of compensation including the value of office space provided by the employer.

Sec. 13. Minnesota Statutes 1986, section 611.26, subdivision 4, is amended to read:

Subd. 4. A district public defender may appoint assistants, after receiving recommendations from the judges of the district, each of whom shall be a who are qualified attorney, attorneys licensed to practice law in this state, and other staff as the district public defender finds prudent and necessary subject to the approval of the standards adopted by the state board of public defense and the provisions of this section. Assistant district public defenders must be appointed to ensure broad geographic representation and caseload distribution by assistant district public defenders within the district. Each assistant district public defender shall serve serves at the pleasure of the district public defender.

Sec. 14. Minnesota Statutes 1986, section 611.26, subdivision 6, is amended to read:

Subd. 6. The district public defender shall represent, without charge, a defendant ~~or other person charged with a felony or a gross misdemeanor~~ when so directed by the district court.

Sec. 15. [611.262] [REPRESENTATION BEFORE APPOINTMENT.]

A district public defender or appointed assistant may, on request of a peace officer, a defendant, suspect, or other person, represent or consult with a person before formal appointment if in counsel's judgment there is reason to believe the person is indigent.

Sec. 16. Minnesota Statutes 1986, section 611.27, subdivision 1, is amended to read:

Subdivision 1. (a) The total compensation and expenses, including office equipment and supplies, of the district public defender are to be paid by the county or counties comprising the judicial district and in conformity with the following: by state funding as provided in this section.

(b) A district public defender shall annually submit to the state board of public defense a comprehensive budget for the office of the district public defender. The budget must include all compensation, expenses, office equipment, and supplies and a budget narrative required by the board. The district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

(1) Within ten days after a district public defender or an assistant district public defender is appointed and on or before July 1 of each year thereafter, the appointing authority district public defender shall certify to the district judges of the respective judicial districts state board of public defense the compensation which that has been set for each such district public defender and each such recommended for the assistant.

(c) The state board of public defense shall transmit the proposed budget of each district public defender to the respective district administrators and county budget officers for comment before the board's final approval of the budget. (2) Immediately thereafter, the judges of such district The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender including all salaries, expenses, and that includes compensation, office equipment and supplies, and all other expenses. Suitable office space shall be provided where available in publicly owned buildings in a location within the district selected by such judges. If no such space is available, the judges shall include in the budget a reasonable allowance for office rental which shall be in addition to the district public defender's compensation.

Except in the second and fourth judicial districts, the district judges of the judicial district The board shall apportion the compensation expenses of such the district public defenders in their respective judicial districts among the several counties and each county shall be required by such order to pay the specific amounts thereof its share in monthly installments. The specified amount of the compensation which each county shall pay shall be such county share is the proportion of the whole compensation as total expenses that the population in such the county bears to the total population in the district as set forth in determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to some a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's compensation expenses for the services performed in said county.

(3) (d) Reimbursement for actual and necessary travel expenses in the conduct of the office of the district public defender shall be charged to either (1) the general expenses of the office, (2) the general expenses of the district for which the expenses were incurred if outside the district, or (3) the office of the state public defender if the services were rendered for that office.

(e) Funds appropriated to the state board of public defense must be distributed by the state board of public defense to district public defenders and to the public defenders in Hennepin and Ramsey counties, with priority given to those districts having the greatest number of distressed counties designated pursuant to section 297A.257.

Sec. 17. Minnesota Statutes 1986, section 611.27, subdivision 2, is amended to read:

Subd. 2. The judges of the judicial district by order state board of public defense, after consultation with the county boards, shall: (1) designate the county officials of one or more counties within the district to handle the funds for the office of district public defender and provide that charges pay the expenses of the district public defender. The county share assessed under subdivision 1 against each county of the district shall must be paid to the county treasurer of such the designated county who shall be responsible for the payment of the expenses of the office of district public defender. The order board may provide for reimbursement of reimburse the designated counties so designated for extra services costs incurred. (2) The board must provide for a revolving fund in the custody of the officials of the designated county designated in subdivision 2(1) into which revolving fund each county shall must pay an initial deposit and its respective share of the expenses of the office of district public defender and from which the expenses of said office shall be paid in the manner provided in Laws 1965, chapter 869.

## Sec. 18. [APPROPRIATION.]

The sum of \$..... is appropriated from the general fund to the state board of public defense to be available until June 30, 1989, for distribution to district public defenders and to the public defenders in Hennepin and Ramsey counties, with priority given to those districts having the greatest number of distressed counties designated pursuant to section 297A.257.

## Sec. 19. [REPEALER.]

Minnesota Statutes 1986, sections 611.22 and 611.26, subdivisions 5 and 8, are repealed."

Delete the title and insert:

"A bill for an act relating to the judiciary; public defenders; requiring the state board of public defense to adopt standards governing district public defender offices; authorizing the state board of public defense to fix the salary of the state public defenders; requiring the state public defender to provide training for state and district public defenders; providing that compensation of district public defenders may not exceed compensation of county attorneys; allowing representation of indigents by public defender before formal appointment; providing for state funding of district public defenders; appropriating money; amending Minnesota Statutes 1986, sections 611.215, subdivisions 1 and 2; 611.216, subdivisions 1, 2, and 3; 611.23; 611.24; 611.25; 611.26, subdivisions 1, 2, 3, 4, and 6; and 611.27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 611; repealing Minnesota Statutes 1986, sections 611.22; and 611.26, subdivisions 5 and 8."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1619, A bill for an act relating to crimes; defining the crime of using police radios while committing a criminal act; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:



"Section 1. Minnesota Statutes 1986, section 609.035, is amended to read:

**609.035 [CRIME PUNISHABLE UNDER DIFFERENT PROVISIONS.]**

Except as provided in sections 609.251, 609.585, 609.21, subdivisions 3 and 4, and 609.2691, and section 2, if a person's conduct constitutes more than one offense under the laws of this state, the person may be punished for only one of the offenses and a conviction or acquittal of any one of them is a bar to prosecution for any other of them. All the offenses, if prosecuted, shall be included in one prosecution which shall be stated in separate counts.

**Sec. 2. [609.856] [USE OF POLICE RADIOS DURING COMMISSION OF CRIME; PENALTIES.]**

Subdivision 1. [ACTS CONSTITUTING.] Whoever has in possession or uses a radio or device capable of receiving or transmitting a police radio signal, message, or transmission of information used for law enforcement purposes, while in the commission of a felony or violation of section 609.487 or the attempt to commit a felony or violation of section 609.487, is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both. A prosecution for or conviction of the crime of use or possession of a police radio is not a bar to conviction for any other crime committed while possessing or using the police radio.

Subd. 2. [FORFEITURE.] A radio or device defined in subdivision 1 that is used in the commission of a felony or violation of section 609.487 or attempt to commit a felony or violation of section 609.487 is contraband property and subject to the forfeiture provisions of section 609.531.

**Sec. 3. [EFFECTIVE DATE.]**

Sections 1 and 2 are effective August 1, 1987, and apply to all crimes committed on or after that date."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "amending Minnesota Statutes 1986, section 609.035;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1622, A bill for an act relating to courts; providing court of appeals representation on the sentencing guidelines commission; clarifying the membership on judicial appeal panels; permitting retired judges to solemnize marriages; clarifying judicial representation on the judicial standards board; authorizing the supreme court to adopt court rules; restricting mileage reimbursement for law clerks; amending Minnesota Statutes 1986, sections 244.09, subdivision 2; 253B.19, subdivision 1; 480.051; 484.545, subdivision 3; 484.62; 490.15, subdivision 1; 517.04; and 525.06.

Reported the same back with the following amendments:

Page 2, line 7, before the period insert "one of whom shall be a victim of a crime defined as a felony"

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1986, section 244.09, subdivision 3, is amended to read:

Subd. 3. Each appointed member shall be appointed for four years and shall continue to serve during that time as long as the member occupies the position which made the member eligible for the appointment. Each member shall continue in office until a successor is duly appointed. Members shall be eligible for reappointment, and appointment may be made to fill an unexpired term. The term of any member appointed or reappointed by the governor before the first Monday in January 1991 expires on that date. The term of any member appointed or reappointed by the governor after the first Monday in January 1991 is coterminous with the governor. The members of the commission shall elect any additional officers necessary for the efficient discharge of their duties.

Sec. 3. Minnesota Statutes 1986, section 244.09, subdivision 11, is amended to read:

Subd. 11. [MODIFICATION.] The commission shall meet as necessary for the purpose of modifying and improving the guidelines. Any modification which amends the sentencing guidelines grid, including severity levels and criminal history scores, or which would result in the reduction of any sentence or in the early release of any inmate, with the exception of a modification mandated or authorized by the legislature or relating to a crime created or amended by the legislature in the preceding session, shall be submitted to the legislature by January 1 of any year in which the commission wishes to make the change and shall be effective on August 1 of that year, unless the legislature by law provides otherwise. All other modifications shall take effect according to the procedural rules of the commission. On or before ~~November~~ January

1 of each year, the commission shall submit a written report to the judiciary committees of the senate and the house of representatives that identifies and explains all modifications made during the preceding 12 months and all proposed modifications that will be are being submitted to the legislature on January 1 that year."

Page 3, after line 6, insert:

"Sec. 6. Minnesota Statutes 1986, section 481.02, subdivision 3, is amended to read:

Subd. 3. [PERMITTED ACTIONS.] The provisions of this section shall not prohibit:

(1) any person from drawing, without charge, any document to which the person, an employer of the person, a firm of which the person is a member, or a corporation whose officer or employee the person is, is a party, except another's will or testamentary disposition or instrument of trust serving purposes similar to those of a will;

(2) a person from drawing a will for another in an emergency if the imminence of death leaves insufficient time to have it drawn and its execution supervised by a licensed attorney at law;

(3) any one, acting as broker for the parties or agent of one of the parties to a sale or trade or lease of property or to a loan, from drawing or assisting in drawing, with or without charge, papers incident to the sale, trade, lease, or loan;

(4) any insurance company from causing to be defended, or from offering to cause to be defended through lawyers of its selection, the insureds in policies issued or to be issued by it, in accordance with the terms of the policies;

(5) a licensed attorney at law from acting for several common-carrier corporations or any of its subsidiaries pursuant to arrangement between the corporations;

(6) any bona fide labor organization from giving legal advice to its members in matters arising out of their employment;

(7) any person from conferring or cooperating with a licensed attorney at law of another in preparing any legal document, if the attorney is not, directly or indirectly, in the employ of the person or of any person, firm, or corporation represented by the person;

(8) any licensed attorney at law of Minnesota, who is an officer or employee of a corporation, from drawing, for or without compensation, any document to which the corporation is a party or in which it

is interested personally or in a representative capacity, except wills or testamentary dispositions or instruments of trust serving purposes similar to those of a will, but any charge made for the legal work connected with preparing and drawing the document shall not exceed the amount paid to and received and retained by the attorney, and the attorney shall not, directly or indirectly, rebate the fee to or divide the fee with the corporation;

(9) any person or corporation from drawing, for or without a fee, farm or house leases, notes, mortgages, chattel mortgages, bills of sale, deeds, assignments, satisfactions or any other conveyances except testamentary dispositions and instruments of trust;

(10) a licensed attorney at law of Minnesota from rendering to a corporation legal services to itself at the expense of one or more of its bona fide principal stockholders by whom the attorney is employed and by whom no compensation is, directly or indirectly, received for the services;

(11) any person or corporation engaged in the business of making collections from engaging or turning over to an attorney at law for the purpose of instituting and conducting suit or making proof of claim of a creditor in any case in which the attorney at law receives the entire compensation for the work;

(12) any regularly established farm journal or newspaper, devoted to general news, from publishing a department of legal questions and answers to them, made by a licensed attorney at law, if no answer is accompanied or at any time preceded or followed by any charge for it, any disclosure of any name of the maker of any answer, any recommendation of or reference to any one to furnish legal advice or services, or by any legal advice or service for the periodical or any one connected with it or suggested by it, directly or indirectly;

(13) any authorized management agent of an owner of rental property used for residential purposes, whether the management agent is a natural person, corporation, partnership, limited partnership, or any other business entity, from commencing, maintaining, conducting, or defending in its own behalf any action in any court in this state to recover or retain possession of the property, except that the provision of this clause does not authorize a person who is not a licensed attorney at law to conduct a jury trial or to appear before a district court or the court of appeals or supreme court pursuant to an appeal; and

(14) any person from commencing, maintaining, conducting, or defending on behalf of the plaintiff or defendant any action in any county or municipal court of this state pursuant to the provisions of section 566.175 or sections 566.18 to 566.33 or from commencing, maintaining, conducting, or defending on behalf of the plaintiff or defendant any action in any county or county municipal court of this

state for the recovery of rental property used for residential purposes pursuant to the provisions of sections 566.02 or 566.03, subdivision 1, except that the provision of this clause does not authorize a person who is not a licensed attorney at law to conduct a jury trial or to appear before a district court or the court of appeals or supreme court pursuant to an appeal, and provided that, except for a nonprofit corporation, a person who is not a licensed attorney at law shall not charge or collect a separate fee for services rendered pursuant to this clause."

Page 4, line 30, delete "; RULES"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 2, after "appeals" insert "and crime victim"

Page 1, line 4, after the semicolon insert "providing that terms of commission members appointed by the governor are coterminous with the governor; changing the date on which the commission's report to the legislature is due;"

Page 1, line 10, delete "subdivision" and insert "subdivisions" and after "2" insert ", 3, and 11"

Page 1, line 11, before "484.545," insert "481.02, subdivision 3;"

With the recommendation that when so amended the bill pass.

The report was adopted.

## **SECOND READING OF HOUSE BILLS**

H. F. Nos. 236, 243, 402, 533, 727, 756, 837, 940, 1029, 1115, 1129, 1148, 1165, 1279, 1420, 1496, 1619 and 1622 were read for the second time.

## **SECOND READING OF SENATE BILLS**

S. F. No. 593 was read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Simoneau introduced:

H. F. No. 1638, A bill for an act relating to motor vehicles; providing for lifetime license plates; reducing fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1 and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

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

Heap introduced:

H. F. No. 1639, A bill for an act relating to commerce; modifying the maximum finance charge on certain open end credit sales; authorizing additional charges; amending Minnesota Statutes 1986, section 334.16, subdivision 1, and by adding a subdivision.

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

## 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. 510, A bill for an act relating to Dakota county; providing for the creation, organization, powers, and duties of a personnel system; proposing coding for new law as Minnesota Statutes, chapter 383D.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Jensen moved that the House concur in the Senate amendments to H. F. No. 510 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 510, A bill for an act relating to Dakota county; providing for the creation, organization, powers, and duties of a personnel system; authorizing the county to provide certain services to the Dakota county historical society; proposing coding for new law as Minnesota Statutes, chapter 383D.

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.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Beard	Heap	McDonald	Pauly	Sparby
Begich	Himle	McEachern	Pelowski	Stanius
Bennett	Hugoson	McKasy	Peterson	Steensma
Bertram	Jacobs	McLaughlin	Poppenhagen	Swenson
Bishop	Jaros	McPherson	Price	Thiede
Blatz	Jefferson	Millert	Quinn	Tjornhom
Brown	Jennings	Miller	Quist	Tompkins
Burger	Jensen	Minne	Redalen	Trimble
Carlson, D.	Johnson, A.	Morrison	Reding	Tunheim
Carlson, L.	Johnson, R.	Munger	Rest	Uphus
Carruthers	Johnson, V.	Murphy	Rice	Valento
Clark	Kahn	Nelson, C.	Richter	Vanasek
Clausnitzer	Kalis	Nelson, D.	Rodosovich	Vellenga
Cooper	Kelly	Nelson, K.	Rose	Voss
Dauner	Kelso	Neuenschwander	Rukavina	Wagenius
DeBlieck	Kinkel	O'Connor	Sarna	Waltman
Dempsey	Kludt	Ogren	Schafer	Welle
Dille	Knickerbocker	Olsen, S.	Scheid	Wenzel
Dorn	Knuth	Olsen, E.	Schoenfeld	Winter
Forsythe	Kostohryz	Olson, K.	Schreiber	Spk. Norton
Frederick	Krueger	Omann	Seaberg	
Frerichs	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Shaver	

The bill was repassed, as amended by the Senate, and its title agreed to.

## CONSENT CALENDAR

H. F. No. 1365, A bill for an act relating to liquor; authorizing the city of Little Canada to issue two additional on-sale licenses.

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.	Greenfield	Krueger	Orenstein	Segal
Battaglia	Gruenes	Larsen	Osthoff	Shaver
Bauerly	Gutknecht	Lasley	Otis	Simoneau
Beard	Hartle	Lieder	Ozment	Solberg
Begich	Haukoos	Long	Pappas	Sparby
Bennett	Heap	Marsh	Pauly	Stanius
Bertram	Himle	McEachern	Pelowski	Steensma
Bishop	Hugoson	McKasy	Peterson	Swenson
Blatz	Jacobs	McLaughlin	Poppenhagen	Tjornhom
Brown	Jaros	McPherson	Price	Tompkins
Burger	Jefferson	Milbert	Quinn	Trimble
Carlson, D.	Jennings	Miller	Quist	Tunheim
Carlson, L.	Jensen	Minne	Redalen	Uphus
Carruthers	Johnson, A.	Morrison	Reding	Valento
Clark	Johnson, R.	Munger	Rest	Vanasek
Clausnitzer	Johnson, V.	Murphy	Rice	Vellenga
Cooper	Kahn	Nelson, C.	Riveness	Voss
Dauner	Kalis	Nelson, K.	Rodosovich	Wagenius
DeBlieck	Kelly	Neuenschwander	Rose	Waltman
Dempsey	Kelso	O'Connor	Rukavina	Welle
Dille	Kinkel	Ogren	Sarna	Wenzel
Dorn	Kludt	Olsen, S.	Scheid	Winter
Forsythe	Knickerbocker	Olson, E.	Schoenfeld	Spk. Norton
Frederick	Knuth	Olson, K.	Schreiber	
Frerichs	Kostohryz	Omann	Seaberg	

Those who voted in the negative were:

McDonald

The bill was passed and its title agreed to.

H. F. No. 1629, A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

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.	Burger	Dorn	Hugoson	Kalis
Battaglia	Carlson, D.	Forsythe	Jacobs	Kelly
Bauerly	Carlson, L.	Frederick	Jaros	Kelso
Beard	Carruthers	Greenfield	Jefferson	Kinkel
Begich	Clark	Gruenes	Jennings	Kludt
Bennett	Clausnitzer	Gutknecht	Jensen	Knickerbocker
Bertram	Cooper	Hartle	Johnson, A.	Knuth
Bishop	DeBlieck	Haukoos	Johnson, R.	Kostohryz
Blatz	Dempsey	Heap	Johnson, V.	Krueger
Brown	Dille	Himle	Kahn	Larsen



Lasley	Nelson, D.	Poppenhagen	Schoenfeld	Tunheim
Lieder	Nelson, K.	Price	Schreiber	Uphus
Long	Neuenschwander	Quinn	Seaberg	Valento
Marsh	O'Connor	Quist	Segal	Vanasek
McDonald	Ogren	Redalen	Shaver	Vellenga
McEachern	Olsen, S.	Reding	Simoneau	Voss
McKasy	Olson, E.	Rest	Skoglund	Wagenius
McLaughlin	Olson, K.	Rice	Solberg	Waltman
McPherson	Omann	Richter	Sparby	Welle
Milbert	Orenstein	Riveness	Stanis	Wenzel
Miller	Osthoff	Rodosovich	Steenasma	Winter
Minne	Otis	Rose	Swenson	Wynia
Morrison	Ozment	Rukavina	Thiede	Spk. Norton
Munger	Pappas	Sarna	Tjornhom	
Murphy	Pelowski	Schafer	Tompkins	
Nelson, C.	Peterson	Scheid	Trimble	

The bill was passed and its title agreed to.

S. F. No. 916, A bill for an act relating to workers' compensation; providing a permanent partial disability rating for certain losses; proposing coding for new law in Minnesota Statutes, chapter 176.

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.	Gutknecht	Lasley	Orenstein	Schreiber
Battaglia	Hartle	Lieder	Osthoff	Seaberg
Bauerly	Haukoos	Long	Otis	Segal
Beard	Heap	Marsh	Ozment	Shaver
Begich	Himle	McDonald	Pappas	Simoneau
Bennett	Hugoson	McEachern	Pauly	Skoglund
Bertram	Jacobs	McKasy	Pelowski	Solberg
Blatz	Jaros	McLaughlin	Peterson	Sparby
Brown	Jefferson	McPherson	Poppenhagen	Stanis
Burger	Jennings	Milbert	Price	Swenson
Carlson, D.	Jensen	Miller	Quinn	Thiede
Carlson, L.	Johnson, A.	Minne	Quist	Tjornhom
Carruthers	Johnson, R.	Morrison	Redalen	Tompkins
Clark	Johnson, V.	Munger	Reding	Trimble
Clausnitzer	Kahn	Murphy	Rest	Tunheim
Cooper	Kalis	Nelson, C.	Rice	Uphus
Dauner	Kelly	Nelson, D.	Richter	Valento
DeBlieck	Kelso	Nelson, K.	Riveness	Vanasek
Dempsey	Kinkel	Neuenschwander	Rodosovich	Vellenga
Dille	Kludt	O'Connor	Rose	Voss
Dorn	Knickerbocker	Ogren	Rukavina	Wagenius
Forsythe	Knuth	Olsen, S.	Sarna	Waltman
Frederick	Kostobryz	Olson, E.	Schafer	Welle
Greenfield	Krueger	Olson, K.	Scheid	Wenzel
Gruenes	Larsen	Omann	Schoenfeld	Winter
				Wynia
				Spk. Norton

The bill was passed and its title agreed to.

**SPECIAL ORDERS**

S. F. No. 282 was reported to the House.

Kelly moved to amend S. F. No. 282, the unofficial engrossment, as follows:

Page 5, after line 6, insert:

“Sec. 5. Minnesota Statutes 1986, section 398A.04, subdivision 8, is amended to read:

Subd. 8. [TAXATION.] Before deciding to exercise the power to tax, the authority shall give six weeks published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

“Shall the regional rail authority have the power to impose a property tax?

Yes .....  
No .....

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may thereafter levy a tax at any annual rate not exceeding ~~four~~ two mills on the assessed valuation of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the assessed valuation of taxable property in that municipality bears to the assessed value of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority.”

Amend the title as follows:

Page 1, line 4, after the semicolon insert “changing maximum tax levy authorized for regional railroad authorities;”

Page 1, line 4, delete "section" and insert "sections 398A.04, subdivision 8; and"

A roll call was requested and properly seconded.

Long moved to amend the Kelly amendment to S. F. No. 282, the unofficial engrossment, as follows:

Page 2, after line 12, insert:

"Section 1. Minnesota Statutes 1986, section 398A.04, is amended by adding a subdivision to read:

Subd. 12. [PASSENGER SERVICE; LIMITATION.] A rail authority may not exercise the powers authorized in this chapter for the purpose of providing service for passenger traffic except as provided in this subdivision. An authority may acquire abandoned rail right-of-way and sell or lease the right-of-way for the purpose of providing passenger service. An authority may spend the revenues from up to two mills of the tax authorized to be levied under subdivision 8 for the purpose of purchasing abandoned rail right-of-way. Revenues from up to one-eighth mill of this tax may be used for purposes of feasibility, planning, and design studies for passenger service. An authority may provide passenger service on tourist excursion trains."

Page 2, delete lines 14 to 18

Renumber the remaining sections

Correct internal references

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. There were 53 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Bennett	Haukoos	McKasy	Quist	Swenson
Blatz	Heap	McPherson	Reding	Thiede
Boo	Himle	Miller	Richter	Tjornhom
Burger	Hugoson	Minne	Riveness	Tompkins
Clausnitzer	Knickerbocker	Morrison	Rose	Uphus
Dempsey	Knuth	Murphy	Schafer	Valento
Dille	Kostohryz	Omman	Schreiber	Voss
Forsythe	Krueger	Onnen	Seaberg	Waltman
Frederick	Long	Orenstein	Shaver	Welle
Gruenes	Marsh	Pauly	Stanius	
Gutknecht	McDonald	Poppenhagen	Sviggum	

Those who voted in the negative were:

Battaglia	Jacobs	Lasley	Otis	Segal
Bauerly	Jaros	Lieder	Ozment	Simoneau
Beard	Jefferson	McEachern	Pappas	Skoglund
Begich	Jennings	McLaughlin	Pelowski	Solberg
Bertram	Jensen	Milbert	Peterson	Steensma
Brown	Johnson, A.	Nelson, C.	Price	Trimble
Carlson, L.	Johnson, R.	Nelson, D.	Quinn	Tunheim
Carruthers	Johnson, V.	Nelson, K.	Redalen	Vanasek
Clark	Kahn	Neuenschwander	Rest	Vellenga
Cooper	Kalis	O'Connor	Rice	Wagenius
Dauner	Kelly	Ogren	Rodosovich	Wenzel
DeBlick	Kelso	Olsen, S.	Rukavina	Winter
Dorn	Kinkel	Olsen, E.	Sarna	Wynia
Greenfield	Kludt	Olsen, K.	Scheid	Spk. Norton
Hartle	Larsen	Osthoff	Schoenfeld	

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

Burger moved to amend the Kelly amendment to S. F. No. 282, the unofficial grossment, as follows:

Page 1, line 35, strike "the municipality or"

Page 1, line 36, strike "municipalities named in its organization resolution" and insert "two miles of a potential light rail transit line"

A roll call was requested and properly seconded.

The Speaker called Simoneau to the Chair.

The question was taken on the amendment to the amendment and the roll was called. There were 39 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Bennett	Frerichs	Marsh	Quist	Swenson
Blatz	Gutknecht	McDonald	Redalen	Thiede
Boo	Haukoos	McKasy	Richter	Tjornhom
Burger	Heap	McPherson	Rose	Tompkins
Clausnitzer	Himle	Miller	Schafer	Uphus
Dempsey	Hugoson	Morrison	Schreiber	Valento
Forsythe	Knickerbocker	Pauly	Shaver	Waltman
Frederick	Kostohryz	Poppenhagen	Sviggum	

Those who voted in the negative were:

Battaglia	Brown	Cooper	Gruenes	Jennings
Bauerly	Carlson, D.	Dauner	Hartle	Jensen
Beard	Carlson, L.	DeBlick	Jacobs	Johnson, A.
Begich	Carruthers	Dorn	Jaros	Johnson, R.
Bertram	Clark	Greenfield	Jefferson	Johnson, V.

Kahn	Milbert	Omann	Rice	Steensma
Kalis	Minne	Onnen	Riveness	Trimble
Kelly	Munger	Orenstein	Rodosovich	Tunheim
Kelso	Murphy	Osthoff	Rukavina	Vanasek
Kinkel	Nelson, C.	Otis	Sarna	Vellenga
Kludt	Nelson, D.	Ozment	Scheid	Voss
Knuth	Nelson, K.	Pappas	Schoenfeld	Wagenius
Krueger	Neuenschwander	Pelowski	Segal	Welle
Larsen	O'Connor	Peterson	Simoneau	Wenzel
Lasley	Ogren	Price	Skoglund	Winter
Lieder	Olsen, S.	Quinn	Solberg	Wynia
McEachern	Olson, E.	Reding	Sparby	Spk. Norton
McLaughlin	Olson, K.	Rest	Stanius	

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

The question recurred on the Kelly amendment and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Battaglia	Hartle	Marsh	Pappas	Skoglund
Bauerly	Haukoos	McDonald	Pauly	Solberg
Beard	Heap	McEachern	Pelowski	Sparby
Begich	Himle	McKasy	Peterson	Stanius
Bennett	Hugoson	McLaughlin	Poppenhagen	Steensma
Bertram	Jacobs	McPherson	Price	Sviggum
Blatz	Jefferson	Milbert	Quinn	Swenson
Brown	Jennings	Miller	Quist	Thiede
Burger	Jensen	Minne	Redalen	Tjornhom
Carlson, D.	Johnson, A.	Morrison	Reding	Tompkins
Carlson, L.	Johnson, R.	Munger	Rest	Trimble
Carruthers	Johnson, V.	Murphy	Rice	Tunheim
Clark	Kahn	Nelson, C.	Richter	Uphus
Clausnitzer	Kalis	Nelson, D.	Riveness	Valento
Cooper	Kelly	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelso	O'Connor	Rose	Vellenga
DeBlieck	Kinkel	Ogren	Rukavina	Voss
Dempsey	Kludt	Olsen, S.	Sarna	Wagenius
Dille	Knickerbocker	Olson, E.	Schafer	Waltman
Dorn	Knuth	Olson, K.	Scheid	Welle
Forsythe	Kostohryz	Omann	Schoenfeld	Wenzel
Frederick	Krueger	Onnen	Schreiber	Winter
Frerichs	Larsen	Orenstein	Seaberg	Wynia
Greenfield	Lasley	Osthoff	Segal	Spk. Norton
Gruenes	Lieder	Otis	Shaver	
Gutknecht	Long	Ozment	Simoneau	

The motion prevailed and the amendment was adopted.

Clausnitzer moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1986, section 398A.04, is amended by adding a subdivision to read:

Subd. 12. [PASSENGER SERVICE; LIMITATION.] A rail authority may spend the revenues from up to two mills of the tax authorized to be levied under subdivision 8 for construction, debt service, and operation of light rail transit. Revenues from up to one-eighth mill of this tax may be used for planning preliminary design, feasibility studies, and financing plans. Any levy from one-eighth mill to two mills must be based upon the level of light rail transit service provided for the property. The county auditor shall reduce the tax levied on all property in each city in which a light rail line does not exist but which receive bus feeder service to a light rail transit line by 50 percent and on all property in which a light rail line does not exist and are not served by bus feeder service to a light rail transit line by 75 percent."

Renumber the remaining sections

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Clausnitzer amendment and the roll was called. There were 51 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Marsh	Price	Sviggum
Beard	Frerichs	McDonald	Quist	Swenson
Bennett	Gruenes	McKasy	Redalen	Thiede
Bishop	Gutknecht	McPherson	Richter	Tjornhom
Blatz	Haukoos	Miller	Rose	Tompkins
Boo	Heap	Morrison	Schafer	Valento
Burger	Himle	Murphy	Schreiber	Waltman
Clausnitzer	Hugoson	Neuenschwander	Seaberg	
Dempsey	Jennings	Omann	Shaver	
Dille	Knickerbocker	Pauly	Solberg	
Forsythe	Knuth	Poppenhagen	Stanius	

Those who voted in the negative were:

Battaglia	Jaros	Lasley	Onnen	Segal
Bauerly	Jefferson	Lieder	Orenstein	Simoneau
Begich	Jensen	Long	Osthoff	Skoglund
Bertram	Johnson, A.	McEachern	Otis	Sparby
Brown	Johnson, R.	McLaughlin	Pelowski	Steensma
Carlson, L.	Johnson, V.	Milbert	Peterson	Trimble
Carruthers	Kahn	Minne	Reding	Tunheim
Clark	Kalis	Munger	Rest	Uphus
Cooper	Kelly	Nelson, C.	Rice	Vanasek
Dauner	Kelso	Nelson, K.	Riveness	Vellenga
DeBlicke	Kinkel	O'Connor	Rodosovich	Voss
Dorn	Kludt	Ogren	Rukavina	Wagenius
Greenfield	Kostohryz	Olsen, S.	Sarna	Welle
Hartle	Krueger	Olson, E.	Scheid	Wenzel
Jacobs	Larsen	Olson, K.	Schoenfeld	Winter
				Wynia
				Spk. Norton

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

Pauly moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 2, after line 29, insert:

“Subd. 2. [PRELIMINARY DESIGN PLANS.] Preliminary design plans must include a total ten-year financing plan for all light rail transit projects the proposer anticipates developing and a specific financing plan for each route. The financing plan must estimate construction and operating costs, land required, debt service levies, and all alternative financing considered, together with the recommended plan.”

Renumber the remaining subdivisions

Page 2, line 36, after the period insert “The preliminary design plans must be delivered to the chief executive officer of each statutory and home rule charter city in the county at least 30 days before the hearing.”

A roll call was requested and properly seconded.

The question was taken on the Pauly amendment and the roll was called. There were 49 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	Knickerbocker	Pauly	Sviggum
Bishop	Gutknecht	Knuth	Poppenhagen	Swenson
Blatz	Haukoos	Marsh	Quist	Thiede
Boo	Heap	McDonald	Richter	Tjornhom
Burger	Himle	McKasy	Rose	Tompkins
Clausnitzer	Hugoson	McPherson	Schafer	Uphus
Dempsey	Jennings	Miller	Schreiber	Valento
Forsythe	Kelly	Morrison	Seaberg	Waltman
Frederick	Kelso	Omman	Shaver	Winter
Frerichs	Kludt	Onnen	Stanius	

Those who voted in the negative were:

Anderson, G.	Dorn	Krueger	Neuenschwander	Price
Battaglia	Greenfield	Larsen	O'Connor	Quinn
Bauerly	Hartle	Lasley	Ogren	Redalen
Beard	Jacobs	Lieder	Olsen, S.	Reding
Begich	Jaros	McEachern	Olson, E.	Rest
Bertram	Jefferson	McLaughlin	Olson, K.	Rice
Brown	Jensen	Milbert	Orenstein	Riveness
Carlson, L.	Johnson, A.	Minne	Osthoff	Rodosovich
Carruthers	Johnson, R.	Munger	Otis	Rukavina
Clark	Johnson, V.	Murphy	Oziment	Sarna
Cooper	Kalis	Nelson, C.	Pappas	Scheid
Dauner	Kinkel	Nelson, D.	Pelowski	Schoenfeld
DeBlicke	Kostohryz	Nelson, K.	Peterson	Segal

Simoneau	Sparby	Tunheim	Voss	Wenzel
Skoglund	Steenasma	Vanasek	Wagenius	Wynia
Solberg	Trimble	Vellenga	Welle	Spk. Norton

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

Morrison moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 3, line 36, before the period insert "and financing plans. The financing plans must be submitted to the governing body of each statutory and home rule city and town in the county. Final design plans must estimate the total capital cost, operating deficit, if any, and debt service cost for the routes specified in final design plans, alternative ways of financing these expenses, and the financial plan adopted or recommended by the proposer."

A roll call was requested and properly seconded.

The question was taken on the Morrison amendment and the roll was called. There were 52 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Bennett	Frederick	Kludt	Poppenhagen	Sviggum
Bishop	Frerichs	Knickerbocker	Price	Swenson
Blatz	Gruenes	Long	Quist	Thiede
Boo	Gutknecht	Marsh	Redalen	Tjornhom
Burger	Haukoos	McDonald	Reding	Tompkins
Carlson, D.	Heap	McKasy	Richter	Uphus
Clausnitzer	Himle	McPherson	Rose	Valento
Cooper	Hugoson	Morrison	Schafer	Waltman
DeBlieck	Jennings	Omann	Schreiber	
Dempsey	Johnson, V.	Onnen	Seaberg	
Forsythe	Kelso	Pauly	Stanius	

Those who voted in the negative were:

Anderson, G.	Jefferson	Milbert	Pappas	Solberg
Battaglia	Jensen	Minne	Pelowski	Sparby
Bauerly	Johnson, A.	Munger	Peterson	Steenasma
Beard	Johnson, R.	Murphy	Quinn	Trimble
Begich	Kahn	Nelson, C.	Rest	Tunheim
Bertram	Kalis	Nelson, D.	Rice	Vanasek
Brown	Kelly	Nelson, K.	Riveness	Vellenga
Carlson, L.	Kinkel	Neuenschwander	Rodosovich	Voss
Carruthers	Kostohryz	O'Connor	Rukavina	Wagenius
Clark	Krueger	Ogren	Sarna	Welle
Dorn	Larsen	Olson, E.	Scheid	Wenzel
Greenfield	Lasley	Olson, K.	Schoenfeld	Winter
Hartle	Lieder	Orenstein	Segal	Wynia
Jacobs	McEachern	Osthoff	Simoneau	Spk. Norton
Jaros	McLaughlin	Otis	Skoglund	

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



Tjornhom moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 398A.04, is amended by adding a subdivision to read:

Subd. 12. [METROPOLITAN AREA; LIMITATIONS.] A regional rail authority that is engaged in planning or preliminary engineering for light rail transit in the metropolitan area, defined in section 473.121, may spend tax revenues for public hearings and the dissemination of information about light rail transit, but may not spend tax revenues for activities that promote light rail transit or specific light rail proposals, including conferences, workshops, seminars, and advertising, nor for the expenses of the authority, its members, advisory committees, staff, or consultants when engaged in promotional activities."

Re-number the remaining sections

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Tjornhom amendment and the roll was called. There were 52 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	McDonald	Popenhagen	Swenson
Blatz	Gutknecht	McKasy	Quist	Thiede
Boo	Haukoos	McPherson	Redalen	Tjornhom
Burger	Heap	Milbert	Richter	Tompkins
Carlson, D.	Himle	Miller	Rose	Uphus
Clausnitzer	Hugoson	Morrison	Schafer	Valento
Dempsey	Johnson, V.	Omann	Schreiber	Waltman
Dille	Knickerbocker	Onnen	Seaberg	Welle
Forsythe	Knuth	Orenstein	Shaver	
Frederick	Long	Pauly	Stanius	
Frerichs	Marsh	Pelowski	Svigum	

Those who voted in the negative were:

Anderson, G.	Clark	Jefferson	Kinkel	Minne
Battaglia	Cooper	Jennings	Kludt	Munger
Bauerly	Dauner	Jensen	Kostohryz	Murphy
Beard	DeBlieck	Johnson, A.	Krueger	Nelson, C.
Begich	Dorn	Johnson, R.	Larsen	Nelson, D.
Bertram	Greenfield	Kahn	Lasley	Nelson, K.
Brown	Hartle	Kalis	Lieder	Neuenschwander
Carlson, L.	Jacobs	Kelly	McEachern	O'Connor
Carruthers	Jaros	Kelso	McLaughlin	Ogren

Olsen, S.	Price	Sarna	Sparby	Wenzel
Olson, E.	Quinn	Scheid	Steensma	Winter
Olson, K.	Reding	Schoenfeld	Trimble	Spk. Norton
Osthoff	Rest	Segal	Tunheim	
Otis	Rice	Simoneau	Vanasek	
Pappas	Rodosovich	Skoglund	Voss	
Peterson	Rukavina	Solberg	Wagenius	

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

S. F. No. 282 was read for the third time, as amended.

McDonald moved that S. F. No. 282, as amended, be re-referred to the Committee on Metropolitan Affairs.

A roll call was requested and properly seconded.

The question was taken on the McDonald motion and the roll was called. There were 26 yeas and 98 nays as follows:

Those who voted in the affirmative were:

Blatz	Himle	McPherson	Shaver	Valento
Burger	Hugoson	Miller	Svigum	Waltman
Clausnitzer	Long	Poppenhagen	Swenson	
Dempsey	Marsh	Quist	Thiede	
Frederick	McDonald	Richter	Tjornhom	
Haukoos	McKasy	Schreiber	Tompkins	

Those who voted in the negative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Simoneau
Battaglia	Hartle	McEachern	Otis	Skoglund
Bauerly	Jacobs	McLaughlin	Ozment	Solberg
Beard	Jefferson	Milbert	Pappas	Sparby
Begich	Jennings	Minne	Pelowski	Stanius
Bennett	Jensen	Morrison	Peterson	Steensma
Bertram	Johnson, A.	Munger	Price	Trimble
Brown	Johnson, R.	Murphy	Quinn	Tunheim
Carlson, D.	Johnson, V.	Nelson, C.	Reding	Uphus
Carlson, L.	Kahn	Nelson, D.	Rest	Vanasek
Carruthers	Kalis	Nelson, K.	Rice	Vellenga
Clark	Kelly	Neuenschwander	Riveness	Voss
Cooper	Kelso	O'Connor	Rodosovich	Wagenius
Dauner	Kinkel	Ogren	Rose	Welle
DeBlieck	Kludt	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Olson, E.	Schafer	Winter
Dorn	Kostohryz	Olson, K.	Scheid	Wynia
Forsythe	Krueger	Omamm	Schoenfeld	Spk. Norton
Frerichs	Larsen	Onnen	Seaberg	
Greenfield	Lasley	Orenstein	Segal	

The motion did not prevail.

S. F. No. 282, A bill for an act relating to metropolitan government; permitting regional railroad authorities to engage in certain activities; amending Minnesota Statutes 1986, section 473.398.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 96 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Larsen	Orenstein	Skoglund
Battaglia	Hartle	Lasley	Osthoff	Solberg
Bauerly	Heap	Lieder	Otis	Sparby
Beard	Hugoson	McEachern	Ozment	Stanius
Begich	Jacobs	McLaughlin	Pappas	Steensma
Bennett	Jaros	Milbert	Pelowski	Swenson
Bertram	Jefferson	Minne	Peterson	Trimble
Boo	Jennings	Munger	Price	Tunheim
Brown	Jensen	Murphy	Quinn	Uphus
Carlson, D.	Johnson, A.	Nelson, C.	Redalen	Vanasek
Carlson, L.	Johnson, R.	Nelson, D.	Rest	Voss
Carruthers	Johnson, V.	Nelson, K.	Rice	Wagenius
Clark	Kahn	Neuenschwander	Rodosovich	Wenzel
Cooper	Kalis	O'Connor	Rose	Winter
Dauner	Kelly	Ogren	Rukavina	Wynia
DeBlieck	Kelso	Olsen, S.	Sarna	Spk. Norton
Dille	Kinkel	Olson, E.	Scheid	
Dorn	Kludt	Olson, K.	Schoenfeld	
Greenfield	Knuth	Omann	Segal	
Gruenes	Krueger	Onnen	Simoneau	

Those who voted in the negative were:

Blatz	Himle	Miller	Schafer	Valento
Burger	Knickerbocker	Morrison	Schreiber	Vellenga
Clausnitzer	Kostohryz	Pauly	Seaberg	Waltman
Dempsey	Long	Poppenhagen	Shaver	Welle
Forsythe	Marsh	Quist	Sviggunm	
Frederick	McDonald	Reding	Thiede	
Frerichs	McKasy	Richter	Tjornhom	
Haukoos	McPherson	Riveness	Tompkins	

The bill was passed, as amended, and its title agreed to.

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

Vanasek 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.

Nelson, K., was excused between the hours of 4:20 p.m. and 5:30 p.m.

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 Senate File, herewith transmitted:

S. F. No. 1515.

PATRICK E. FLAHAVER, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1515, A bill for an act relating to higher education; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, the Mayo medical foundation, and the Minnesota job skills partnership board, with certain conditions; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 136A.101, by adding a subdivision; 136A.111, by adding a subdivision; 136A.121, subdivisions 4 and 5; 136A.132, subdivisions 3, 6, and 7; 136A.233, subdivisions 1 and 2; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.31, subdivision 3; and 645.445, subdivision 5; Laws 1983, chapter 334, section 7; repealing Minnesota Statutes 1986, section 136.09, subdivision 3.

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, Anderson, G., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1515 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Anderson, G., moved that the Rules of the House be so far suspended that S. F. No. 1515 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1515 was read for the second time.

S. F. No. 1515 was reported to the House.

Carlson, L., moved to amend S. F. No. 1515, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [HIGHER EDUCATION; APPROPRIATIONS.]

The sums in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal year indicated for each purpose. The listing of an amount under the figure “1987,” “1988,” or “1989” in this act indicates that the amount is appropriated to be available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

In this act, “first year” and “second year” mean the first fiscal year and second fiscal year, respectively, of the 1987-1989 biennium beginning July 1, 1987, and ending 24 months later.

In this act, “biennium” and “1987-1989 biennium” mean the two consecutive fiscal years beginning July 1, 1987, and ending 24 months later.

SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$2,910,500	\$808,643,700	\$843,386,200	\$1,654,940,400

SUMMARY BY AGENCY - GENERAL FUND

	1987	1988	1989	TOTAL
Higher Education Coordinating Board	\$ 0	\$ 74,532,700	\$ 77,007,000	\$151,539,700
State Board of Vocational Technical Education	1,895,000	151,917,900	156,290,400	310,103,300
State Board for Community Colleges	0	65,165,200	69,020,200	134,185,400
State University Board	500,000	129,725,800	138,626,700	268,852,500
Board of Regents of the University of Minnesota	515,500	386,450,800	401,533,000	788,499,300
Mayo Medical Foundation	0	851,300	908,900	1,760,200

APPROPRIATIONS  
Available for the Year  
Ending June 30

	1987	1988	1989
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Sec. 2. HIGHER EDUCATION CO-  
ORDINATING BOARD

Subdivision 1. Total Appropriation	\$74,532,700		\$77,007,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Agency Administration			
	\$2,735,100	\$2,674,500	

This appropriation includes \$294,000 in 1988 and \$214,000 in 1989 for the optometry and osteopathy contract program to continue seats for students who were in the program in the 1986-1987 academic year. No new students may be admitted to the program during the biennium.

This appropriation includes \$15,000 in 1988 for scholarships and grants for eligible students of optometry. Eligible students are those who were enrolled in the 1984-1985 academic year in schools of optometry with which Minnesota had an agreement for each academic year in the 1985-1987 biennium for optometry seats. Students are obligated to practice in Minnesota as provided in Minnesota Statutes, section 136A.225.

\$100,300 in 1988 and \$100,200 in 1989 are to coordinate system missions and planning.

\$47,500 in 1988 is for a study of incentives for families to save for the costs of higher education. The board shall report its findings and recommendations to the legislature by January 15, 1988.

	1987	1988	1989
	\$	\$	\$
\$35,000 in 1988 and \$75,000 in 1989 are to provide information beginning in the eighth grade about opportunities and preparation for higher education under section 19.			

\$118,000 in 1988 and \$180,000 in 1989 are to continue the post-high school planning program. The additional funding in 1989 is to include more students and offer increased services as provided in sections 16 to 19.

Subd. 3. State Scholarships and Grants

\$62,450,000	\$64,350,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available to meet scholarship and grant obligations.

Notwithstanding section 136A.121, subdivision 10, the implementation of eligibility for four full years of scholarships and grants is delayed until July 1, 1989.

\$100,000 the first year is for short-term living and transportation expenses of AVTI students.

Subd. 4. Interstate Tuition Reciprocity

\$3,700,000	\$4,300,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 5. State Work Study

\$4,428,600	\$4,428,600
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Subd. 6. Income Contingent Loans

\$ 110,000	\$ 158,100
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	1987	1988	1989
	\$	\$	\$

This appropriation is for an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine in repaying their student debt by providing a repayment plan based on their annual income. The appropriation is to pay defaulted principal and interest payments not covered by default insurance on the original loans, and to administer the program. The board shall study the possible inclusion of students in other academic programs, including optometry, and report its recommendations to the appropriations and finance committees by December 1, 1987. Notwithstanding any law to the contrary, during the biennium applicant data collected by HECB for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program according to section 136A.162.

Subd. 7. Minitex Library Program			
	\$ 759,300	\$ 759,300	

Subd. 8. Enterprise Development Partnerships			
	\$ 349,700	\$ 336,500	

The board shall report to the legislature on the programs by February 1, 1989.

Subd. 9. An unexpended balance under the subdivisions in this section in the first year does not cancel but is available for the second year of the biennium.

### Sec. 3. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Subdivision 1. Total Appropriation			
	1,895,000	151,917,900	156,290,400



	1987	1988	1989
	\$	\$	\$
<p>The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.</p>			

#### Subd. 2. Instructional Expenditures

The legislature estimates that the amount for instructional expenditures will be \$196,646,200 for the first year and \$203,711,900 for the second year.

The legislature estimates that \$2,880,900 in the first year and \$2,959,000 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs.

\$1,895,000 in 1987 is for the TRA/FICA deficiency.

#### Subd. 3. Noninstructional Expenditures

The legislature estimates that the amount for noninstructional expenditures will be \$6,516,200 for the first year and \$5,859,400 for the second year.

\$5,371,700 the first year and \$4,704,700 the second year are for debt service payments to school districts for AVTI buildings financed with district bonds issued before January 1, 1979.

\$288,900 each year is appropriated for the agricultural crisis assistance program. The commissioner of finance shall allocate these funds to the commissioner of agriculture.

	1987	1988	1989
	\$	\$	\$
\$56,100 the first year and \$49,200 the second year are for veteran farmer co-operative training programs.			

\$125,000 in 1988 and \$125,000 in 1989 are to provide services for handicapped students.

#### Subd. 4. State Council on Vocational Technical Education

\$38,400 the first year and \$39,400 the second year must be allocated by the state board to the state council on vocational education.

#### Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

Subdivision 1. Total Appropriation	65,165,200	69,020,200
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

#### Subd. 2. Instructional Expenditures

The legislature estimates that the amount for instructional expenditures will be \$82,656,000 for the first year and \$88,488,100 for the second year.

\$187,500 in each year is to provide for special needs students.

The legislature estimates that \$1,413,200 in the first year and \$1,413,200 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs.

	1987	1988	1989
	\$	\$	\$
Subd. 3. Noninstructional Expenditures			

The legislature estimates that the amount for noninstructional expenditures will be \$10,962,500 for the first year and \$10,910,000 for the second year.

### Sec. 5. STATE UNIVERSITY BOARD

Subdivision 1. Total Appropriation	500,000	129,725,800	138,626,700
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

#### Subd. 2. Instructional Expenditures

The legislature estimates that the amount for instructional expenditures will be \$180,625,600 for the first year and \$193,577,400 for the second year.

The legislature estimates that \$2,565,000 in the first year and \$2,565,000 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. The transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs.

The state university board shall continue to ensure that classroom teaching assistants for whom English is a second language are proficient in speaking, reading, and writing English. The board shall report the actions it is taking on this matter to the legislature by January 15, 1988.

	1987	1988	1989
	\$	\$	\$
\$375,000 in 1989 is for the expansion of upper division programs at Metropolitan State University.			

\$83,500 in 1989 is for the planning of the materials science engineering program at Winona State University. The state university board shall develop short and long range plans that specify the directions and intentions of the system in program development, particularly in the science, technology, and engineering areas. The plans shall provide an overview of the entire system as well as specifically examining the status of current programs and future plans at each campus. In its planning during the biennium, the board shall study at least immediate and long range: (1) needs for and opportunities available to students graduating in these program areas; (2) possibilities of cooperative arrangements with other educational institutions; (3) incorporation of new technology developments into existing programs rather than creating new programs; (4) potential for private sector participation and investment; (5) effects of emphasizing technological programs on other academic areas; and (6) consequences for the state's economy. The board shall report its findings to the appropriations and finance committees of the legislature by January 15, 1989.

### Subd. 3. Noninstructional Expenditures

The legislature estimates that the amount for noninstructional expenditures will be \$9,045,300 for the first year and \$9,268,500 for the second year.

\$500,000 in 1987 is to be paid to the city of St. Cloud for street and pedestrian walkway improvement assessments under Laws 1983, chapter 344, section 8, subdivision 5, paragraph (b). finance committees.

	1987	1988	1989
	\$	\$	\$
Subd. 4. Construction			

During the biennium the state university board may accept money from nonstate sources to construct a building on the Mankato State University campus. No state funds shall be appropriated or expended for this purpose. The board shall supervise and control the preparation of plans and specifications for the construction of the building. The board shall advertise for bids and award contracts, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

#### Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation			
	515,500	386,450,800	401,533,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance			
		314,111,800	327,199,300

On December 1, 1988, and December 1, 1989, the president of the University of Minnesota shall furnish the senate finance and house appropriations committees and the commissioner of finance the following information: the total amount of receipts during fiscal year 1988 from all sources in excess of \$125,324,800 and during fiscal year 1989 from all sources in excess of \$130,686,500; the sources of these receipts; and the purposes for which any excess receipts were spent and accounts to which transferred.

#### (a) Instructional Expenditures

	1987	1988	1989
	\$	\$	\$
The legislature estimates that the amount for instructional expenditures in subdivision 2 and subdivision 3, paragraph (z) will be \$347,901,000 for the first year and \$364,148,400 for the second year.			

The legislature estimates that \$4,332,000 in the first year and \$4,332,000 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs. Of this amount, \$200,000 in the first year is for the Falcon Heights assessment for the Roselawn Avenue project; \$82,000 in the first year is for city assessments for utilities and services for the Waseca campus; and \$3,000 in the first year is for city assessments for utilities and services for the Morris campus.

The university is requested to continue to ensure that classroom teaching assistants for whom English is a second language are proficient in speaking, reading, and writing English. The university is requested to report the actions it is taking on this matter to the legislature by January 15, 1988.

The university is requested to develop a new plan by which the funding necessary to implement comparable worth in a timely manner is provided through internal reallocation. The university shall report on its actions by January 15, 1988, to the appropriations and finance committees.

	1987	1988	1989
	\$	\$	\$
(b) Noninstructional Expenditures			

The legislature estimates that the amount for noninstructional expenditures will be \$93,210,600 for the first year and \$95,412,400 for the second year.

\$2,500,000 the first year and \$2,500,000 the second year are for the graduate fellowship program. By January 15, 1989, the University of Minnesota shall report on the distribution of graduate fellowships and their use in furthering the University of Minnesota's efforts to focus its mission and improve its programs, particularly in the liberal arts.

Subd. 3. Special Appropriations	72,339,000	74,333,700
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(a) Minnesota Extension Service	\$14,609,200	\$14,967,100
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This appropriation includes money for agriculture extension work, county agricultural agents, home demonstration and 4-H club work, soil conservation, and consultation with extension district farmers and business operators on the business and marketing aspects of family farm operations and rural retail establishment operations. A salary increase granted by the university to personnel paid from this appropriation must not result in a reduction of the county portion of the salary payments.

\$515,500 in 1987 is for the farmer-lender mediation program.

The Center for Farm Financial Management is requested to make the FINPACK software, service fee, training, and materials available to private individuals at the same cost as it charges public, non-Extension Service parties.

(b) Agricultural Research	\$24,248,400	\$24,863,300
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	1987	1988	1989
	\$	\$	\$

This appropriation includes money for research on aquatic plants (including wild rice), soybeans, avian disease, swine disease, corn improvement, irrigation, growing and processing grapes, plant molecular biology, and animal health (including a study of pseudorabies).

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distributions for farms and agribusiness and must not disproportionately represent those from the upper half of the size and income distributions.

- |   |             |             |  |
|---|-------------|-------------|--|
| (c) Veterinary Diagnostic Laboratory                  | \$1,389,900 | \$1,423,400 |  |
| (d) Coleman Leukemia Research Center                  | \$ 242,300  | \$ 248,500  |  |
| (e) Indigent Patients (County Papers)                 | \$ 316,000  | \$ 416,000  |  |
| (f) Rural Physicians Associates Program               | \$ 568,800  | \$ 583,200  |  |
| (g) Medical Research                                  | \$2,405,100 | \$2,464,600 |  |
| (h) Special Hospitals, Service and Educational Offset | \$7,678,900 | \$7,924,400 |  |
- During the biennium, fees for service furnished to counties and individuals under this program must be sought to increase the money appropriated. The fees are appropriated to the university hospitals, to be available until June 30, 1989.
- |  |           |  |  |
|--|-----------|--|--|
| (i) UMD Center for American Indian and Minority Health | \$ 75,000 |  |  |
|--|-----------|--|--|



	1987	1988	1989
	\$	\$	\$
(j) Fellowships for Minority and Disadvantaged Students			
\$ 54,900	\$ 56,300		
(k) General Research			
\$ 2,125,900	\$ 2,179,800		

This appropriation is, as the board of regents may direct, for general research, and business and economic research including business and economic research at Duluth, center for urban and regional affairs, museum of natural history, and juvenile justice seminar.

(l) Intercollegiate Athletics		
\$ 2,993,700	\$ 3,069,700	

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Educational Amendment Act of 1972 and Minnesota Statutes, section 126.21.

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	517,113	530,230
Morris	62,013	63,586
Crookston	42,128	43,196
Waseca	41,923	42,986

(m) Student Loans Matching Money		
\$ 51,900	\$ 54,500	

(n) Talented Youth Mathematics Program		
\$256,500	\$262,900	

Of this appropriation, \$45,000 is to match grant funds for teacher education.

	1987	1988	1989
	\$	\$	\$
This appropriation includes money to continue the outreach sites program to ensure an opportunity for the participation of youth outside the metropolitan area.			
(o) Geological Survey	\$ 951,900	\$ 976,100	
(p) Mineral Resources Research Center	\$ 762,500	\$ 781,800	
(q) Natural Resources Research Institute	\$2,485,000	\$2,548,000	
Up to \$80,000 of this appropriation may be spent for wild rice marketing research.			
(r) Sea Grant College Program	\$ 314,700	\$ 322,700	
The legislature intends that the university relocate the Sea Grant program to the Duluth campus by January 1, 1988.			
(s) Underground Space Center	\$ 222,000	\$ 227,600	
(t) Institute for Advanced Studies in Biological Process Technology	\$ 620,500	\$ 636,300	
(u) Industrial Relations Education	\$ 724,600	\$ 742,300	
(v) Institute for Human Genetics	\$ 497,100	\$ 509,700	
(w) Microelectronics and Information Science Center	\$ 661,200	\$ 678,000	
(x) Productivity Center	\$ 333,000	\$ 341,500	
(y) Supercomputer Institute	\$6,150,000	\$6,306,000	

	1987	1988	1989
	\$	\$	\$

This appropriation includes money for the leasing of two supercomputer architectures.

(z) Rank Funding Adjustment  
 \$ 1,675,000    \$1,675,000

The legislature intends this to be a special appropriation for the 1987-1989 biennium to increase instructional expenditures as part of the University's Commitment to Focus efforts. This appropriation and the tuition revenue it generates must be allocated by the university to improve both undergraduate instruction, particularly at the lower division level, and graduate level instruction. The university should be cognizant of the instructional needs of the coordinate campuses as well as the Twin Cities campus.

Of this amount, up to \$400,000 is to ensure adequate counseling of students applying for admission as provided in section 29.

The appropriation in each year must be counted as instructional cost.

The university shall report on its uses of these funds by January 15 of each year of the biennium. Beginning in the 1989-1991 biennium, any funding appropriated for rank adjustment must be incorporated into the operations and maintenance budget.

#### Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	851,300	908,900
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School	\$ 674,900	\$ 728,000
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	1987	1988	1989
	\$	\$	\$
The state of Minnesota shall pay a capitation of \$8,653 in fiscal year 1988 and \$8,878 in fiscal year 1989 for each student who is a resident of Minnesota.			

The legislature intends capitation money to be for a maximum of 20 students in each class allowing for enrollment fluctuations that may slightly alter this number in a given class. If the appropriation for either year is insufficient, the appropriation for the other year is available. The biennial total must not be exceeded.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors as identified by the higher education coordinating board.

Subd. 3. Family Practice and Graduate Residency Program  
 \$176,400      \$180,900

The state of Minnesota shall pay a capitation of \$14,700 in fiscal year 1988 and \$15,075 in fiscal year 1989 for a maximum of 12 students each year.

Sec. 8. Minnesota Statutes, section 135A.03, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF APPROPRIATION.] The direct appropriation to each board for instructional services shall equal 67 percent of the estimated total cost of instruction for the University of Minnesota, the state university system, and the community college system, and, for area vocational technical institutes, 75 74 percent of the estimated total cost of instruction.

Sec. 9. Minnesota Statutes 1986, section 135A.04, is amended to read:

135A.04 [VARIABLE TUITION.]

The board of regents of the University of Minnesota, state university board, state board for community colleges, and state board for vocational education shall establish tuition. Tuition may vary by

program, level of instruction, cost of instruction, or other classifications determined by each board. In all systems that have a credit hour basis, tuition rates must be established on that basis and must not apply across a variable number of credits. Tuition may be set at any percentage of instructional cost established by the respective boards.

Sec. 10. Minnesota Statutes 1986, section 135A.06, is amended to read:

135A.06 [SYSTEM PLANS AND MISSIONS.]

Subdivision 1. [SUBMISSION OF PLANS.] It is the intent of the legislature that the planning efforts of the public post-secondary education systems be summarized and reported to the legislature. It is the further intent that the system missions be differentiated from one another to best serve the needs of the citizens of Minnesota. In order to accomplish these goals, the University of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of vocational technical education shall each submit to the governor and the legislature on December 1 of each even-numbered year a planning report for its system. The planning report shall contain the mission of the system and short- and long-range plans for programs, staff, and facilities. The report shall specify the mission and plans for two, five, and ten years. The assumptions used in developing the plans shall be included. The report shall also include plans for and progress toward achieving mission differentiation while maintaining the state's overall post-secondary objectives.

Subd. 2. [MISSION.] Each system shall review its mission as it relates to instruction, research, and public service. The systems in cooperation with the higher education coordinating board shall jointly review their missions and develop strategies to achieve clearer mission differentiation, and create an overall intersystem plan that ensures achieving the state's overall post-secondary objectives. The higher education coordinating board shall establish an agenda, determine schedules for accomplishing that agenda, and develop criteria for the intersystem plan.

Subd. 3. [SYSTEM PLANS.] Each system shall develop a program plan for instruction, research, and public service. Each system shall consult with the higher education coordinating board and with the other systems throughout the planning process. The higher education coordinating board shall coordinate intersystem efforts in the development of the program plans to achieve intersystem cooperation and differentiation.

Each planning report shall consider at least following elements:

(a) A statement of program priorities for undergraduate, graduate, and professional education. Program plans shall also include data about program cost and average class size within each institution.

(b) A review of plans for adjusting the number of facilities, staff, and programs to projected level of demand. Plans for adjustments shall consider campus and program mergers, campus and program closings, new governance structures, the relationship between fixed costs and projected enrollment changes, and other methods including consolidation of institutions, services, and programs that serve the same geographic area under different governing boards.

(c) Enrollment projections for two, five, and ten years. If a system uses projections which are different from the most recent available projections produced by the higher education coordinating board, the system shall compare its projections with enrollment projections prepared by the higher education coordinating board, and the system shall identify the method and assumptions used to prepare its projections.

(d) Estimated financial costs and savings of alternative plans for adjusting facilities, staff, and programs to declining enrollments and fiscal resources.

(e) Opportunities for providing services cooperatively with other public and private institutions in the same geographic area.

(f) Differentiating and coordinating missions to reduce or eliminate duplication of services and offerings to improve delivery of services and to establish clear and distinct roles and priorities.

Subd. 4. [CAPITAL REQUESTS.] A capital budget request submitted by a system must specifically relate a proposed capital project to the plans required under this section.

Subd. 5. [HECB REVIEW AND COMMENT.] The higher education coordinating board shall review and comment on the reports prepared by the systems. The board shall submit the review and comment and the intersystem plan to the governor and legislature by December 1. In order to provide sufficient time for this review, systems shall submit the reports to the coordinating board on September 1 ~~prior to the December 1 submission to the governor and legislature.~~ Before the higher education coordinating board forwards its review and comment to the legislature, each system shall be given the opportunity by the higher education coordinating board to respond to the higher education coordinating board review. In order to provide sufficient time for the systems to respond, the HECB shall provide copies of its review and comment to the systems by October 15 and the systems shall submit any responses to the higher education coordinating board by November 15, prior to the

December 1 submission to the governor and the legislature. The system responses shall accompany the higher education coordinating board review and comment when it is submitted to the governor and the legislature. As part of its review and comment, the higher education coordinating board shall present information on the costs, enrollment, and participation in public post-secondary institutions and on the progress the systems and the board are making toward an integrated intersystem planning effort.

Sec. 11. Minnesota Statutes 1986, section 136.142, is amended by adding a subdivision to read:

Subd. 1a. [LITIGATION PROCEEDS.] Notwithstanding any other law to the contrary, the state university board may retain funds received from successful litigation by or against the board. Awards made to the state or the board resulting from litigation against or by the board shall be retained by the board to the credit of the account from which the litigation was originally funded.

Sec. 12. [136.27] [CAPITAL PROJECTS BIDDING PROCEDURES.]

In awarding contracts for capital projects under section 16B.09, the board must consider the documentation provided by the bidders regarding their qualifications including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall formulate procedures to administer this section which include practices that will assist in the economic development of small businesses and small businesses owned and operated by socially or economically disadvantaged persons.

Sec. 13. Minnesota Statutes 1986, section 136A.02, subdivision 6, is amended to read:

Subd. 6. There is hereby created a higher education advisory council, the membership of which shall include the president of the University of Minnesota, the chancellor of the state university board, the chancellor of the state board for community colleges, the state director of vocational technical education, the commissioner of education, the ~~executive director~~ president of the Minnesota private college council, and a representative from the Minnesota association of private post-secondary schools. The advisory council shall (1) bring to the attention of the board any matters which the council deems as needing attention of the board, (2) make recommendations to the board as the council deems appropriate, (3) review and comment upon proposals and other matters before the board, and (4) provide any reasonable assistance to the board in its effort to fulfill responsibilities of the board. The board shall periodically inform the council of all matters under consideration by the board and shall refer all proposals to the council prior to transmitting such proposals

as recommendations to the governor and the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The higher education advisory council shall report to the board quarterly and at such other times as the council may deem desirable. The council shall determine its meeting times, but the council shall also meet within 30 days following a request for a council meeting by the executive director of the board.

Sec. 14. Minnesota Statutes 1986, section 136A.04, subdivision 1, is amended to read:

Subdivision 1. The higher education coordinating board shall:

(a) Continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the state in respect thereto;

(b) Continuously engage in long range planning of the needs of higher education and, if necessary, cooperatively engage in such planning with neighboring states and agencies of the federal government;

(c) Act as successor to any committee or commission heretofore authorized to engage in exercising any of the powers and duties prescribed by sections 136A.01 to 136A.07;

(d) Review, approve or disapprove, and make recommendations and identify priorities with respect to all plans and proposals for new or additional programs of instruction or substantial changes in existing programs to be established in or offered by, the University of Minnesota, the state universities, the community colleges, and public area vocational technical institutes, and private collegiate and noncollegiate institutions offering post-secondary education, and. The board shall also periodically review existing programs offered in or by the above institutions and recommend discontinuing or modifying any existing program, the continuation of which is judged by the board as being. In reviewing new or existing programs, the board shall consider whether the program is unnecessary or, a needless duplication of existing programs, beyond the capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission;

(e) Develop in cooperation with the post-secondary systems, committee on appropriations of the house of representatives, committee on finance of the senate, and the departments of administration and finance a compatible budgetary reporting format designed to provide data of a nature to facilitate systematic review of the budget submissions of the University of Minnesota, the state university



system, the state community college system and the public vocational technical schools; and which includes the relating of dollars to program output;

(f) Review budget requests, including plans for construction or acquisition of facilities, of the University of Minnesota, the state universities, the state community colleges, and public vocational technical schools for the purpose of relating present resources and higher educational programs to the state's present and long range needs; and conduct a continuous analysis of the financing of post-secondary institutions and systems, including the assessments as to the extent to which the expenditures and accomplishments are consistent with legislative intent;

(g) Obtain from private post-secondary institutions receiving state funds a report on their use of those funds;

(h) Continuously monitor and study the transferability between Minnesota post-secondary and higher education institutions of credits earned for equal and relevant work at those institutions, the degree to which credits earned at one institution are accepted at full value by the other institutions, and the policies of these institutions concerning the placement of these transferred credits on transcripts.

Sec. 15. Minnesota Statutes 1986, section 136A.05, is amended to read:

**136A.05 [COOPERATION OF INSTITUTIONS OF HIGHER EDUCATION.]**

All public institutions of higher education, public and private, and all state departments and agencies are requested to shall cooperate with and supply written information requested by the higher education coordinating board in order to enable it to carry out and perform its duties. Private post-secondary institutions are requested to cooperate and provide information.

Sec. 16. Minnesota Statutes 1986, section 136A.85, is amended to read:

**136A.85 [CAREER GUIDANCE POST-HIGH SCHOOL PLANNING PROGRAM; ESTABLISHMENT.]**

The Minnesota higher education coordinating board shall establish a voluntary post-high school planning program for all eleventh grade students in the state who desire to participate, secondary students in grades 8 through 12, and adults. The program must be a statewide education and career guidance, testing, information and planning program designed to:

(a) Assist students to make career plans and decisions regarding post-secondary education, training and goals (1) enable students and adults to consider the full range of available post-secondary opportunities;

(2) encourage early and systematic planning for education and careers by students and adults;

(3) encourage students and adults to acquire the academic skills to prepare them for a wide range of post-secondary programs;

(4) increase completion of post-secondary education by helping students and adults enroll in appropriate institutions and programs;

(5) consolidate and make more efficient the testing procedures used to advise, admit, and place students and adults in post-secondary programs;

(b) (6) assist high school, college and vocational institute counselors in their work with students and adults;

(e) (7) assist Minnesota colleges and vocational institutes to identify students and adults for whose talents, interests and needs they have appropriate programs;

(d) (8) assist colleges and scholarship agencies to select from applicants those who show the most promise of benefiting from particular programs;

(e) (9) provide educators, state planners and policy makers in the state a continuous inventory of the talents, plans, needs and other characteristics of students and adults in individual educational institutions, in educational systems, and in the state as a whole; and

(f) (10) assist educators, state planners and policy makers to develop improved educational measures and counseling tools.

Sec. 17. Minnesota Statutes 1986, section 136A.86, subdivision 1, is amended to read:

Subdivision 1. The board shall establish an advisory task force to define the objectives of the program and make recommendations to the board on program goals, policies and, selection of tests, and coordination of tests administered by the program and post-secondary institutions. The task force shall study and make recommendations about methods to provide assistance to adults considering post-secondary education. Membership on the advisory task force shall may include, but not be limited to, representatives of: the state university system, the University of Minnesota, the state community college system, the area vocational technical

institute system, the Minnesota private college council, the Minnesota association of private post-secondary schools, the Minnesota school boards association, the Minnesota association of secondary school principals, the Minnesota school counselors association, Minnesota area vocational technical institutes, the Minnesota department of education, the Minnesota association of private vocational schools the Minnesota Federation of Teachers, the Minnesota Education Association, the Minnesota Parent Teacher Student Association, the Minnesota Community Education Association, organized labor, the business community, and a minimum of one secondary and one post-secondary education students. The expiration of this advisory task force and the terms, compensation and removal of its members shall be as provided in section 15.059, subdivision 6.

Sec. 18. Minnesota Statutes 1986, section 136A.86, subdivision 2, is amended to read:

Subd. 2. The board shall periodically at least biennially review and evaluate the statewide career guidance, testing, information and planning program and report to the governor and legislature the program status and the board's recommendations for legislation to improve the program.

Sec. 19. Minnesota Statutes 1986, section 136A.87, is amended to read:

#### 136A.87 [ASPECTS OF THE PROGRAM.]

Subdivision 1. [ASSESSMENT INSTRUMENTS AND QUESTIONNAIRES.] The program shall:

(a) Administer to eleventh grade Minnesota high school students, who desire to participate in the program, educational measurement instruments and questionnaires as determined by the board to be appropriate to serve the purposes of sections 136A.85 to 136A.88;

(b) provide for administration of education and career assessment instruments and questionnaires to residents in grades 8 through 12, and to adults. The board shall determine the instruments and questionnaires that are appropriate to serve the purposes of sections 136A.85 to 136A.88.

Subd. 2. [HIGH SCHOOL ASSESSMENTS.] The program shall provide for administration of educational measurement instruments and questionnaires to high school students before their senior year. At least the following must be included:

(1) an aptitude assessment for students anticipating entry to collegiate programs;

(2) an inventory of interests, career directions, background information, and education plans; and

(3) a preliminary mathematics placement test to aid in future course selections, and, as determined appropriate by the board, preliminary placement tests in other subjects.

Subd. 3. [PROVISION OF INFORMATION.] The board shall make available to all residents from 8th grade through adulthood information about planning and preparing for post-secondary opportunities. Information must be provided to all 8th grade students and their parents by January 1 of each year about the need to plan for their post-secondary education. The board shall also provide information to high school students and their parents, to adults, and to out-of-school youth. The information provided may include the following:

(1) the need to start planning early;

(2) the availability of assistance in educational planning from educational institutions and other organizations;

(3) suggestions for studying effectively during high school;

(4) high school courses necessary to be adequately prepared for post-secondary education;

(5) encouragement to involve parents actively in planning for all phases of education;

(6) information about post-high school education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;

(7) ways to evaluate and select post-secondary institutions;

(8) the process of transferring credits among Minnesota post-secondary institutions and systems;

(9) the costs of post-secondary education and the availability of financial assistance in meeting these costs;

(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and

(11) financial planning for education beyond high school.

Subd. 4. [DATA BASE.] A data base of information from the program's assessments and services shall be maintained to:

(1) provide individual reports of results to the students, to the high schools in which students are enrolled, and, if authorized by the students, to post-secondary educational institutions; and

~~(e) (2) provide annual statewide summary reports of results on a statewide basis to all Minnesota high schools and, post-secondary educational institutions and to, the department of education, the chairs of the education, higher education, appropriations and finance committees of the legislature, and the governor.~~

Subd. 5. [COORDINATION.] The board shall coordinate efforts and develop additional methods of providing information, guidance, and testing services to out-of-school youth and adults.

Sec. 20. [136A.89] [ESTABLISHMENT.]

A child care grant program is established under the supervision of the higher education coordinating board. The program makes funds available to students, including students who are employed, to reduce the costs of child care while attending an eligible institution.

Sec. 21. [136A.90] [DEFINITIONS.]

For the purposes of sections 136A.89 to 136A.93, the following words have the meaning given them here.

(a) "AFDC" means recipients of aid to families with dependent children.

(b) "Board" means the Minnesota higher education coordinating board.

(c) "Child" means any person 12 years of age or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "Eligible institution" means a Minnesota public college, university, or technical institute.

(f) "Number of students with dependent children" means the sum of all Minnesota residents enrolled in eligible institutions who report dependents on their applications to the state scholarship and grant program.

(g) "Priority groups" means caretakers receiving AFDC who are under the age of 22, do not have a high school diploma or general

equivalency diploma, or have been receiving aid to families with dependent children for more than 24 months of the last 36 months.

Sec. 22. [136A.91] [ELIGIBLE STUDENTS.]

(a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota or is a recipient of aid to families with dependent children;

(2) has a household income within the range established for eligibility for the sliding fee scale program under section 268.91;

(3) is pursuing a program or course of study that applies to an undergraduate degree, diploma, or certificate; and

(4) is attending an eligible institution.

Child care grants must be given for a single term as defined by the institution in accordance with policies of the board. Grants may be renewable but the recipient must supply additional information on child care expenses.

(b) Recipients who have completed their post-secondary education and had received child care funds from the board during that education must be assured sliding fee funds for employment and training programs for up to nine months after graduation if they meet eligibility standards established under section 268.91.

Sec. 23. [136A.92] [ALLOCATION BY THE BOARD.]

Subdivision 1. [PRIORITY OF FUNDS.] The board shall set aside one-half of child care funds appropriated under this section for use by AFDC recipients attending eligible institutions. The board shall ensure that priority for use of funds is given to the priority groups within the aid to families with dependent children caseload. If institutions report that funds are not available for priority recipients, the board may restrict the use of funds so that one-half of the set-aside funds are reserved for priority recipients.

Subd. 2. [ALLOCATION TO INSTITUTIONS.] The board shall allocate funds to the eligible institutions as follows:

(1) set-aside funds are allocated to each institution based on the number of its enrolled students receiving AFDC in the previous academic year; and

(2) remaining funds are allocated to each institution based on the number of its enrolled students with dependent children in the previous academic year.

Subd. 3. [MONITORING AND REALLOCATION.] (a) The board shall establish procedures to (1) continually monitor the use of funds throughout the year; (2) identify areas of unmet need for grants; and (3) redistribute available funds in a timely manner to meet the needs of eligible recipients.

(b) By April 1 of each year, each institution must return to the board the amount of funds the board projects will not be used within the institution during the remainder of the fiscal year. The board must redistribute these funds among the institutions as needed.

Subd. 4. [RELEASE OF SET-ASIDE FUNDS.] The board must reserve set-aside funds for the exclusive use of students receiving AFDC, except as follows: if the board can project, at the end of the first year of funding that all set-aside funds allocated for the year will not be used, the board may release a reasonable proportion of the funds for use by other students with dependent children. The board must take into account normal changes in attendance patterns over the course of a academic year as well as information from local agencies and service providers on the number of anticipated students. It must retain for the exclusive use of students who receive AFDC, sufficient funds to fill projected needs but not less than 65 percent of the set-aside funds.

Subd. 5. [REVIEW OF PRIORITY RECIPIENT NEEDS.] Before August 1, 1988, the board must review its use of set-aside funds to see whether any priority recipients were denied funds. If any priority recipients were denied funds and if less than one-half of the set-aside funds were used for priority recipients, the board must develop an allocation formula that reserves one-half of the set-aside funds for priority recipients.

Sec. 24. [136A.93] [DISTRIBUTION BY INSTITUTIONS.]

Subdivision 1. [GENERAL.] Institutions receiving allocations must distribute the funds using the same eligibility requirements, payment rates for child care services, and sliding fee schedules as established by the commissioner of human services under section 268.91, except that the limitation on post-secondary program length under section 268.91, subdivision 5, clause b, does not apply.

Subd. 2. [DISTRIBUTION TO PRIORITY RECIPIENTS.] In distributing set-aside funds, institutions must give priority to recipients identified by their case managers as having a priority for services. When an institution receives notice from a case manager that a priority recipient is applying for child care funds, the institution must immediately reserve funds for the recipient. Institutions may enter into cooperative agreements with employment and training service providers as necessary to coordinate the use of set-aside funds for priority group members.

Subd. 3. [REPORT.] Institutions must submit to the board quarterly reports on program activity during the preceding quarter. Expenditures must be reported for students who are:

(a) AFDC recipients;

(b) AFDC recipients who are also members of a priority group; and

(c) not AFDC recipients.

These reports shall include the names, social security numbers, and child care costs of each AFDC recipient. The board shall submit the reports to the commissioner of human services to maximize federal financial participation in the aid to families with dependent children employment special needs program under section 256.736, subdivision 8. Federal funds obtained must be used to expand the child care fund under section 268.91. The reports must include other information required by the board or the commissioner of human services for the administration and evaluation of the program.

Sec. 25. [136C.043] [COLLECTING FEES FOR SEMINARS AND MATERIALS.]

Subdivision 1. [COLLECTION; ACCOUNTS.] The state board may adopt a policy for charging fees for seminars, conferences, workshops, and instructional materials. The state director may maintain an account for depositing the fees collected.

Subd. 2. [APPROPRIATION.] The fees collected under subdivision 1 are appropriated to the state board for expenses related to the seminars, conferences, workshops, and instructional materials.

Sec. 26. Minnesota Statutes 1986, section 137.025, subdivision 1, is amended to read:

Subdivision 1. The commissioner of finance shall pay no money to the University of Minnesota pursuant to a direct appropriation, other than an appropriation for the university of Minnesota hospitals or for buildings, until the university first certifies to the commissioner of finance that its aggregate balances in the temporary investment pool, cash, or separate investments, resulting from all state maintenance and special appropriations do not exceed \$7,000,000, or any other amount specified in the act making the appropriation, plus one-third of all tuition and fee payments from the previous fiscal year. Upon this certification, 1/12 of the annual appropriation to the university shall be paid at the beginning of each month. Additional payments shall be made by the commissioner of finance whenever the state appropriations and tuition aggregate balances in the temporary investment pool, cash, or separate investments are reduced below the indicated levels.



Sec. 27. Minnesota Statutes 1986, section 137.31, subdivision 3, is amended to read:

Subd. 3. [SET-ASIDE FOR DISADVANTAGED.] At least 15 percent of the value of the procurement contracts designated for the set-aside program shall be awarded, if possible, to small businesses owned and operated by socially or economically disadvantaged persons, as defined by state law section 645.445. If small businesses owned and operated by socially or economically disadvantaged persons are unable to perform at least 15 percent of the value of the set-aside contracts, the university may award the balance of the designated set-aside procurement contracts to other small businesses.

Sec. 28. Minnesota Statutes 1986, section 645.445, subdivision 5, is amended to read:

Subd. 5. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic conditions. This disadvantage may arise from cultural, social or economic circumstances, or background, physical location if the person resides or is employed in an area designated a labor surplus area by the United States Department of Labor, or other similar cause. It includes racial minorities, women, or persons who have suffered a substantial physical disability. For purposes of sections 16B.19 to 16B.22 and 137.31, the definition of "socially or economically disadvantaged person" includes sheltered workshops and work activity programs.

Sec. 29. [UNIVERSITY OF MINNESOTA ADMISSIONS COUNSELING.]

To protect access while encouraging a reduction in enrollment, the University of Minnesota shall develop counseling mechanisms to advise applicants regarding their post-secondary plans. The mechanisms must provide at least counseling for students whose high school rank and standardized test scores do not meet the minimum university admission standards or whose high school course preparation appears insufficient for academic success at the university. The counseling must occur before admission and must include a presentation of post-secondary options available to the student and an assessment of the student's opportunities for academic success within each option. The counseling is not intended to preclude applicants from being admitted to the university, but instead to improve their understanding of their enrollment options and potential for success in higher education. For applicants enrolled in high schools that have counselors, the high school counselor may provide the required advising. For applicants not enrolled in high schools or in schools without counseling staff, the advising must be provided by the university. Funding for counseling under section 6, subdivision

3, paragraph (z), must be used to develop the mechanisms. The mechanisms include, but are not limited to: workshops with high school counselors, campus based counseling, toll free hotlines, and reassigning or adding necessary university counseling staff. The public post-secondary systems should cooperate in these efforts to provide more thorough counseling for prospective students.

Sec. 30. [TASK FORCE ON QUALITY ASSESSMENT.]

Subdivision 1. [PURPOSE AND DUTIES.] A task force on post-secondary quality assessment is established. The task force shall determine the goals of quality assessment, study and select strategies and mechanisms for the state to use in achieving those goals, and consider ways to use assessment in improving post-secondary education.

Subd. 2. [MEMBERSHIP.] The members of the task force must be determined by the executive director of the HECB and the members of the higher education advisory council. One system representative and one faculty representative must be chosen for each post-secondary system from a list of nominees prepared by that system's council member. One department representative and one secondary teacher must be chosen from a list of nominees submitted by the commissioner of education. The executive director shall submit a list of nominees from the HECB staff or board members from which one task force member must be selected. The student advisory council to the HECB shall submit nominations to the executive director and the council from which two student representatives shall be selected. The executive director and the council must consider geographical balance in their selection of members. The executive director shall appoint a representative of the HECB to convene the meetings.

Subd. 3. [STAFF.] The HECB shall provide staff assistance and support services necessary for the task force to undertake and complete its work.

Subd. 4. [PILOT PROJECTS.] During the 1988 calendar year, the task force shall establish a pilot assessment project within each of the public post-secondary systems. The pilot projects must be used to help determine appropriate assessment mechanisms and to evaluate the uses and effectiveness of quality assessment.

Subd. 5. [REPORTS.] The task force shall submit a preliminary report to the higher education policy and funding divisions and committees of the legislature by February 1, 1988, concerning progress and plans of the task force. It shall submit a full report of its activities, findings, and recommendations by February 1, 1989, to these divisions and committees. Before submitting each report to the legislature, the task force shall submit the report to the higher education coordinating board for review and comment.

Subd. 6. [FUNDING.] The HECB and the task force may seek funding from nonstate sources to provide for the costs necessary to accomplish subdivisions 1 to 5.

Sec. 31. [TASK FORCE ON COMMON COURSE NUMBERING.]

Subdivision 1. [ESTABLISHED.] A task force on common course numbering in post-secondary education is established. The purpose of the task force is to study and report on the benefits to students, the cost, and the feasibility of implementing a common course numbering system.

Subd. 2. [MEMBERSHIP.] The task force consists of 25 members as follows: one system level administrator experienced in transfer of credit issues, one campus level administrator experienced in curriculum development issues, two faculty members appointed by each of the public post-secondary systems and the private college council, and one student representative from each post-secondary system appointed by the student advisory council. Task force members shall serve without compensation, except that the post-secondary systems must provide for the expenses incurred by their student representatives.

Subd. 3. [DUTIES.] The task force shall study and make recommendations on the expected outcomes and benefits of expanded course equivalency, a common course numbering system for higher education, more accessible transfer information, and students' opportunities for completion of their undergraduate educations. The legislature expects that the AVTIs will be included in these recommendations when they convert to a course credit hour basis.

Subd. 4. [HECB ROLE.] The task force study and report must be coordinated by the higher education coordinating board. The board shall provide necessary staff assistance and information to the task force.

Subd. 5. [REPORT.] By December 15, 1987, the task force shall submit its report to the higher education coordinating board for review and comment. By February 1, 1988, the task force shall submit its report and recommendations to the higher education policy, appropriations, and finance divisions or committees of the legislature. The task force terminates on June 30, 1988.

Sec. 32. [MANKATO SPECIAL ASSESSMENT.]

The city of Mankato may assess Mankato State University for the costs of reconstruction and improvement of Val Imm Drive. The assessment must not be made until completion of the work and must not exceed \$500,000 or 40 percent of the project, whichever is less.

## Sec. 33. [INSTRUCTION TO THE REVISOR.]

The revisor shall change the heading before section 136A.85 from Career Guidance Program to Post-high School Planning Program."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation; with certain conditions; decreasing the state portion of instructional cost at area vocational technical institutes; requiring tuition rates to be based on credit hours; appropriating funds from litigation to the state university board; requiring the state university board to consider qualifications of bidders in capital projects; allowing the state university board to receive nonstate funds for constructing a building on state land, and to control bidding, contract awards, and construction; specifying duties of the higher education coordinating board in mission differentiation and program approval; expanding the higher education coordinating board's role in student planning; establishing a child care grant program; providing for increased admissions counseling; creating task forces on quality assessment and common course numbering; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 135A.04; 135A.06; 136.142, by adding a subdivision; 136A.02, subdivision 6; 136A.04, subdivision 1; 136A.05; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.025, subdivision 1; 137.31, subdivision 3; 645.445, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136; 136A; and 136C."

The motion prevailed and the amendment was adopted.

Carlson, L., moved to amend S. F. No. 1515, as amended, as follows:

Page 5, line 14, delete "2,880,900" and insert "2,733,100"

Page 5, line 15, delete "2,959,000" and insert "2,733,100"

Page 6, line 20, delete "1,413,200" and insert "1,086,600"

Page 6, line 21, delete "1,413,200" and insert "1,086,600"

Page 6, line 53, delete "2,565,000" and insert "2,244,000"

Page 7, line 1, delete "2,565,000" and insert "2,244,000"

Page 8, line 54, delete "4,332,000" and insert "6,732,000"

Page 8, line 55, delete "4,332,000" and insert "6,732,000"

The motion prevailed and the amendment was adopted.

Thiede, Hartle, Steensma and Vellenga were excused for the remainder of today's session.

#### CALL OF THE HOUSE

On the motion of Vanasek and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Greenfield	Lieder	Ozment	Segal
Anderson, R.	Gruenes	Marsh	Pappas	Shaver
Battaglia	Gutknecht	McDonald	Pauly	Simoneau
Beard	Haukoos	McEachern	Pelowski	Skoglund
Begich	Heap	McKasy	Peterson	Sparby
Bennett	Himle	McLaughlin	Poppenhagen	Stanius
Bishop	Hugoson	McPherson	Price	Sviggum
Blatz	Jacobs	Milbert	Quinn	Swenson
Boo	Jaros	Miller	Quist	Tjornhom
Brown	Jefferson	Minne	Redalen	Tompkins
Burger	Jennings	Morrison	Reding	Trimble
Carlson, L.	Jensen	Munger	Rest	Tunheim
Carruthers	Johnson, A.	Murphy	Rice	Uphus
Clark	Johnson, V.	Nelson, C.	Richter	Valento
Clausnitzer	Kahn	Nelson, D.	Riveness	Vanasek
Cooper	Kalis	Neuenschwander	Rodosovich	Voss
Dauner	Kelso	O'Connor	Rose	Wagenius
DeBlieck	Kinkel	Ogren	Rukavina	Waltman
Dempsey	Kludt	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Oison, K.	Schafer	Winter
Dorn	Kostohryz	Omann	Scheid	Spk. Norton
Forsythe	Krueger	Onnen	Schoenfeld	
Frederick	Larsen	Orenstein	Schreiber	
Frerichs	Lasley	Otis	Seaberg	

Vanasek 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.

Shaver moved to amend S. F. No. 1515, as amended, as follows:

Page 8, after line 45, insert a rider to read:

"The Board of Regents shall ensure that student contributions in support of the Minnesota Public Interest Research Group are made on a voluntary basis."

A roll call was requested and properly seconded.

The question was taken on the Shaver amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Marsh	Pauly	Sviggum
Bennett	Frerichs	McDonald	Poppenhagen	Swenson
Bishop	Gruenes	McKasy	Quist	Tjornhom
Blatz	Gutknecht	McPherson	Redalen	Tompkins
Boo	Haukoos	Miller	Richter	Uphus
Burger	Heap	Morrison	Rose	Valento
Carlson, D.	Himle	Neuenschwander	Schafer	Waltman
Clausnitzer	Hugoson	Olson, E.	Schreiber	
Dempsey	Jennings	Omman	Seaberg	
Dille	Johnson, V.	Onnen	Shaver	
Forsythe	Kelso	Ozment	Stanius	

Those who voted in the negative were:

Battaglia	Jacobs	Larsen	Orenstein	Segal
Bauerly	Jaros	Lasley	Otis	Simoneau
Beard	Jefferson	Lieder	Pappas	Skoglund
Begich	Jensen	Long	Pelowski	Sparby
Bertram	Johnson, A.	McEachern	Peterson	Trimble
Brown	Johnson, R.	McLaughlin	Price	Tunheim
Carlson, L.	Kahn	Milbert	Quinn	Vanasek
Carruthers	Kalis	Minne	Reding	Voss
Clark	Kelly	Munger	Rest	Wagenius
Cooper	Kinkel	Murphy	Riveness	Welle
Dauner	Kludt	Nelson, D.	Rukavina	Wenzel
DeBlieck	Knuth	O'Connor	Sarna	Winter
Dorn	Kostohryz	Ogren	Scheid	Wynia
Greenfield	Krueger	Olson, K.	Schoenfeld	Spk. Norton

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

S. F. No. 1515, A bill for an act relating to higher education; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, the Mayo medical foundation, and the Minnesota job skills partnership board, with certain conditions; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 136A.101, by adding a subdivision; 136A.111, by adding a subdivision; 136A.121, subdivisions 4 and 5; 136A.132, subdivisions 3, 6, and 7; 136A.233, subdivisions 1 and 2; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.31, subdivision 3; and 645.445, subdivision 5; Laws 1983, chapter 334, section 7; repealing Minnesota Statutes 1986, section 136.09, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Vanasek 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.	Frerichs	Lieder	Otis	Shaver
Anderson, R.	Greenfield	Long	Ozment	Simoneau
Battaglia	Gruenes	Marsh	Pappas	Skoglund
Bauerly	Gutknecht	McDonald	Pauly	Solberg
Beard	Haukoos	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanius
Bennett	Himle	McLaughlin	Poppenhagen	Sviggum
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Tjornhom
Blatz	Jefferson	Miller	Quist	Tompkins
Boo	Jennings	Minne	Redalen	Trimble
Brown	Jensen	Morrison	Reding	Tunheim
Burger	Johnson, A.	Munger	Rest	Uphus
Carlson, D.	Johnson, R.	Murphy	Rice	Valento
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Vanasek
Carruthers	Kahn	Nelson, D.	Riveness	Voss
Clark	Kalis	Neuenschwander	Rodosovich	Wagenius
Clausnitzer	Kelly	O'Connor	Rose	Waltman
Cooper	Kelso	Ogren	Rukavina	Welle
Dauner	Kinkel	Olsen, S.	Sarna	Wenzel
DeBlick	Kiudt	Olson, E.	Schafer	Winter
Dempsey	Knuth	Olson, K.	Scheid	Wynia
Dille	Kostohryz	Omamm	Schoenfeld	Spk. Norton
Dorn	Krueger	Onnen	Schreiber	
Forsythe	Larsen	Orenstein	Seaberg	
Frederick	Lasley	Osthoff	Segal	

The bill was passed, as amended, and its title agreed to.

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

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Friday, May 1, 1987:

H. F. Nos. 1046, 1068, 1209, 1277, 1314, 1138, 1348, 593, 822, 165, 230, 1174 and 1524; S. F. Nos. 80, 123 and 333; H. F. No. 624; S. F. Nos. 409 and 470; H. F. Nos. 88, 307, 403 and 1590; S. F. No. 673; and H. F. No. 1252.

#### SPECIAL ORDERS

The Speaker called Simoneau to the Chair.

H. F. No. 388, A bill for an act relating to crimes; providing for attachment of financial assets of persons charged with committing a felony; updating the wiretap law; prohibiting persons from defrauding insurers by concealing or removing property for the purpose of making a fraudulent insurance claim; amending Minnesota Statutes 1986, sections 609.611; and 626A.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

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.

Otis 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.	Greenfield	Lasley	Onnen	Seaberg
Anderson, R.	Gruenes	Lieder	Orenstein	Segal
Battaglia	Gutknecht	Long	Osthoff	Shaver
Bauerly	Haukoos	Marsh	Ozment	Simoneau
Beard	Heap	McDonald	Pappas	Skoglund
Begich	Himle	McEachern	Pauly	Solberg
Bennett	Hugoson	McKasy	Pelowski	Sparby
Bertram	Jacobs	McLaughlin	Peterson	Stanius
Bishop	Jaros	McPherson	Poppenhagen	Sviggum
Blatz	Jefferson	Milbert	Price	Swenson
Boo	Jennings	Miller	Quinn	Tjornhom
Brown	Jensen	Minne	Quist	Tompkins
Burger	Johnson, A.	Morrison	Redalen	Trimble
Carlson, D.	Johnson, R.	Munger	Reding	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rest	Uphus
Carruthers	Kahn	Nelson, C.	Richter	Valento
Clark	Kalis	Nelson, D.	Riveness	Voss
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Wagenius
Cooper	Kelso	Neuenschwander	Rose	Waltman
DeBlieck	Kinkel	O'Connor	Rukavina	Welle
Dempsey	Kludt	Ogren	Sarna	Wenzel
Dille	Knuth	Olsen, S.	Schafer	Winter
Dorn	Kostohryz	Olson, E.	Scheid	Spk. Norton
Frederick	Krueger	Olson, K.	Schoenfeld	
Frerichs	Larsen	Omann	Schreiber	

The bill was passed and its title agreed to.

#### CALL OF THE HOUSE LIFTED

Otis moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

H. F. No. 413 was reported to the House.



Jensen moved that H. F. No. 413 be re-referred to the Committee on Appropriations. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 730, A bill for an act relating to witnesses; expanding the exception to the husband-wife privilege applicable to crimes committed against children; amending Minnesota Statutes 1986, section 595.02, 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Haukoos	McDonald	Pappas	Skoglund
Beard	Heap	McEachern	Pauly	Solberg
Begich	Himle	McKasy	Pelowski	Sparby
Bennett	Hugoson	McLaughlin	Peterson	Stanius
Bertram	Jacobs	McPherson	Poppenhagen	Sviggum
Bishop	Jaros	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Tjornhom
Boo	Jennings	Minne	Quist	Tompkins
Brown	Jensen	Morrison	Redalen	Trimble
Burger	Johnson, A.	Munger	Reding	Tunheim
Carlson, D.	Johnson, R.	Murphy	Rest	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Valento
Carruthers	Kahn	Nelson, D.	Richter	Vanasek
Clark	Kalis	Nelson, K.	Riveness	Voss
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Wagenius
Cooper	Kelso	O'Connor	Rose	Waltman
Dauner	Kinkel	Ogren	Rukavina	Welle
DeBlieck	Kludt	Olsen, S.	Sarna	Wenzel
Dempsey	Knuth	Olson, E.	Schafer	Winter
Dille	Kostohryz	Olson, K.	Scheid	Wynia
Dorn	Krueger	Omann	Schoenfeld	Spk. Norton
Frederick	Larsen	Onnen	Schreiber	
Frerichs	Lasley	Orenstein	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 53, A bill for an act relating to municipal liability; providing for indemnification of employees for punitive damages; amending Minnesota Statutes 1986, sections 466.06; and 466.07, subdivision 1; repealing Minnesota Statutes 1986, section 466.07, subdivisions 1a, 2, and 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Shaver
Anderson, R.	Gruenes	Long	Otis	Simoneau
Battaglia	Gutknecht	Marsh	Ozment	Skoglund
Bauerly	Haukoos	McDonald	Pappas	Solberg
Beard	Heap	McEachern	Pauly	Sparby
Begich	Himle	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Sviggum
Bertram	Jacobs	McPherson	Poppenhagen	Swenson
Bishop	Jaros	Milbert	Price	Tjornhom
Blatz	Jefferson	Miller	Quinn	Tompkins
Boo	Jennings	Minne	Quist	Trimble
Brown	Jensen	Morrison	Redalen	Tunheim
Burger	Johnson, A.	Munger	Reding	Uphus
Carlson, D.	Johnson, R.	Murphy	Rest	Valento
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Vanasek
Carruthers	Kahn	Nelson, D.	Riveness	Voss
Clark	Kalis	Nelson, K.	Rodosovich	Wagenius
Clausnitzer	Kelly	Neuenschwander	Rose	Waltman
Cooper	Kelso	O'Connor	Rukavina	Welle
Dauner	Kinkel	Ogren	Sarna	Wenzel
DeBlieck	Kludt	Olsen, S.	Schafer	Winter
Dempsey	Knuth	Olson, E.	Scheid	Wynia
Dille	Kostohryz	Olson, K.	Schoenfeld	Spk. Norton
Dorn	Krueger	Omann	Schreiber	
Frederick	Larsen	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 226 was reported to the House.

Battaglia moved that H. F. No. 226 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 268 was reported to the House.

Kinkel moved that H. F. No. 268 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1046 was reported to the House.

Wynia moved that H. F. No. 1046 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1068 was reported to the House.

Gruenes and Pelowski moved to amend H. F. No. 1068, the first engrossment, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 179A.03, subdivision 19, is amended to read:

Subd. 19. [TERMS AND CONDITIONS OF EMPLOYMENT.] "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits, except retirement contributions or benefits of a public pension fund described in section 356.20, subdivision 2, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07."

Page 2, after line 18, insert:

"Sec. 5. Minnesota Statutes 1986, section 465.72, subdivision 2, is amended to read:

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, if the payments are made to a person who has at least ten years of allowable service with the employer who is making the severance payments. Allowable service for purposes of this subdivision has the same definition of allowable service credit as the public pension plan providing retirement coverage to the employee while employed by the employer.

This subdivision applies only to periodic contributions that have commenced before the effective date of Laws 1986, chapter 455 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 Laws 1986, chapter 455. After the effective date of Laws 1986, chapter 455, 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 Laws 1986, chapter 455 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 Laws 1986, chapter 455, whichever is earlier. Any payments by governmental subdivisions in accordance

with this subdivision before the effective date of Laws 1986, chapter 455 are validated.”

Renumber the sections in sequence

Correct internal references accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1068, A bill for an act relating to retirement; transferring retirement coverage of certain employees; amending Minnesota Statutes 1986, section 352.91, subdivision 4, and by adding a subdivision; and 356.30, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Long	Otis	Shaver
Anderson, R.	Gruenes	Marsh	Ozment	Simoneau
Battaglia	Gutknecht	McDonald	Pappas	Skoglund
Bauerly	Heap	McEachern	Pauly	Solberg
Beard	Himle	McKasy	Pelowski	Sparby
Begich	Hugoson	McLaughlin	Peterson	Stanius
Bennett	Jacobs	McPherson	Poppenhagen	Sviggum
Bertram	Jaros	Milbert	Price	Swenson
Bishop	Jefferson	Miller	Quinn	Tjornhom
Blatz	Jennings	Minne	Quist	Tompkins
Boo	Jensen	Morrison	Redalen	Trimble
Brown	Johnson, A.	Munger	Reding	Tunheim
Burger	Johnson, R.	Murphy	Rest	Uphus
Carlson, D.	Johnson, V.	Nelson, C.	Rice	Valento
Carlson, L.	Kahn	Nelson, D.	Richter	Vanasek
Carruthers	Kalis	Nelson, K.	Riveness	Voss
Clark	Kelly	Neuenschwander	Rodosovich	Wagenius
Clausnitzer	Kelso	O'Connor	Rose	Waltman
Cooper	Kinkel	Ogren	Rukavina	Welle
Dauner	Kludt	Olsen, S.	Sarna	Wenzel
DeBlick	Knuth	Olson, E.	Schafer	Winter
Dempsey	Kostohryz	Olson, K.	Scheid	Wynia
Dille	Krueger	Omann	Schoenfeld	Spk. Norton
Dorn	Larsen	Onnen	Schreiber	
Frederick	Lasley	Orenstein	Seaberg	
Frerichs	Lieder	Osthoff	Segal	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1209, A bill for an act relating to public nuisances; defining a nuisance; providing for the enjoinder of nuisances;

proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1986, sections 617.33; 617.34; 617.35; 617.36; 617.37; 617.38; 617.39; 617.40; and 617.41.

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.	Greenfield	Lieder	Osthoff	Shaver
Anderson, R.	Gruenes	Long	Otis	Simoneau
Battaglia	Gutknecht	Marsh	Ozment	Skoglund
Bauerly	Haukoos	McDonald	Pappas	Solberg
Beard	Heap	McEachern	Pauly	Sparby
Begich	Himle	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Sviggum
Bertram	Jacobs	McPherson	Poppenhagen	Swenson
Bishop	Jaros	Milbert	Price	Tjornhom
Blatz	Jefferson	Miller	Quinn	Tompkins
Boo	Jennings	Minne	Redalen	Trimble
Brown	Jensen	Morrison	Reding	Tunheim
Burger	Johnson, A.	Munger	Rest	Uphus
Carlson, D.	Johnson, R.	Murphy	Rice	Valento
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Vanasek
Carruthers	Kahn	Nelson, D.	Riveness	Voss
Clark	Kalis	Nelson, K.	Rodosovich	Wagenius
Clausnitzer	Kelly	Neuenschwander	Rose	Waltman
Cooper	Kelso	O'Connor	Rukavina	Welle
Dauner	Kinkel	Ogren	Sarna	Wenzel
DeBieck	Kludt	Olsen, S.	Schafer	Winter
Dempsey	Knuth	Olson, E.	Scheid	Wynia
Dille	Kostohryz	Olson, K.	Schoenfeld	Spk. Norton
Dorn	Krueger	Omamm	Schreiber	
Frederick	Larsen	Onnen	Seaberg	
Frerichs	Lasley	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1277, A bill for an act relating to transportation; providing for state park road account funds to be used for lake access roads; amending Minnesota Statutes 1986, section 162.06, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bauerly	Bennett	Blatz	Burger
Anderson, R.	Beard	Bertram	Boo	Carlson, D.
Battaglia	Begich	Bishop	Brown	Carlson, L.

Carruthers	Johnson, A.	Miller	Peterson	Solberg
Clark	Johnson, R.	Minne	Poppenhagen	Sparby
Clausnitzer	Johnson, V.	Morrison	Price	Stanius
Cooper	Kahn	Munger	Quinn	Svigum
Dauner	Kalis	Murphy	Redalen	Swenson
DeBlieck	Kelly	Nelson, C.	Reding	Tjornhom
Dempsey	Kelso	Nelson, D.	Rest	Tompkins
Dille	Kinkel	Nelson, K.	Rice	Trimble
Dorn	Kludt	Neuenschwander	Richter	Tunheim
Frederick	Knuth	O'Connor	Riveness	Uphus
Frerichs	Kostohryz	Ogren	Rodosovich	Valento
Greenfield	Krueger	Olsen, S.	Rose	Vanasek
Gruenes	Larsen	Olson, E.	Rukavina	Voss
Gutknecht	Lasley	Olson, K.	Sarna	Wagenius
Haukoos	Lieder	Omman	Schafer	Waltman
Heap	Long	Onnen	Scheid	Welle
Himle	Marsh	Orenstein	Schoenfeld	Wenzel
Hugoson	McDonald	Osthoff	Schreiber	Winter
Jacobs	McEachern	Otis	Seaberg	Wynia
Jaros	McKasy	Ozment	Segal	Spk. Norton
Jefferson	McLaughlin	Pappas	Shaver	
Jennings	McPherson	Pauly	Simoneau	
Jensen	Milbert	Pelowski	Skoglund	

The bill was passed and its title agreed to.

H. F. No. 1314 was reported to the House.

Carruthers moved to amend H. F. No. 1314, the first engrossment, as follows:

Page 3, lines 3 and 16, delete "\$11" and insert "\$9"

The motion prevailed and the amendment was adopted.

H. F. No. 1314, A bill for an act relating to courts; conforming fees for the filing of an unlawful detainer action in Hennepin county with other civil fees and unlawful detainer fees collected throughout the state; changing Hennepin county conciliation court filing and counterclaim fees; amending Minnesota Statutes 1986, sections 488A.03, subdivision 11; and 488A.14, subdivisions 1 and 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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carruthers	Dille	Heap
Anderson, R.	Blatz	Clark	Dorn	Himle
Battaglia	Boo	Clausnitzer	Frederick	Hugoson
Bauerly	Brown	Cooper	Frerichs	Jacobs
Beard	Burger	Dauner	Greenfield	Jaros
Begich	Carlson, D.	DeBlieck	Gruenes	Jefferson
Bennett	Carlson, L.	Dempsey	Haukoos	Jennings

Jensen	McDonald	Omann	Riveness	Swenson
Johnson, A.	McEachern	Onnen	Rodosovich	Tjornhom
Johnson, R.	McKasy	Orenstein	Rose	Tompkins
Johnson, V.	McLaughlin	Osthoff	Rukavina	Trimble
Kahn	McPherson	Otis	Sarna	Tunheim
Kalis	Milbert	Ozment	Schafer	Uphus
Kelly	Minne	Pappas	Scheid	Valento
Kelso	Morrison	Pauly	Schoenfeld	Vanasek
Kinkel	Murphy	Pelowski	Schreiber	Voss
Kludt	Nelson, C.	Peterson	Seaberg	Wagenius
Knuth	Nelson, D.	Poppenhagen	Segal	Waltman
Kostohryz	Nelson, K.	Price	Shaver	Welle
Krueger	Neuenschwander	Quinn	Simoneau	Wenzel
Larsen	O'Connor	Redalen	Skoglund	Winter
Lasley	Ogren	Reding	Solberg	Wynia
Lieder	Olsen, S.	Rest	Sparby	Spk. Norton
Long	Olson, E.	Rice	Stanuis	
Marsh	Olson, K.	Richter	Sviggum	

The bill was passed, as amended, and its title agreed to.

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

H. F. No. 1138 was reported to the House.

Frerichs moved to amend H. F. No. 1138, the first engrossment, as follows:

Page 3, lines 2 to 12, reinstate the stricken language

A roll call was requested and properly seconded.

The question was taken on the Frerichs amendment and the roll was called. There were 53 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Krueger	Quist	Stanuis
Bennett	Dorn	Marsh	Redalen	Sviggum
Bishop	Frederick	McDonald	Richter	Swenson
Blatz	Frerichs	McPherson	Riveness	Tjornhom
Boo	Gruenes	Miller	Rose	Tompkins
Brown	Gutknecht	Neuenschwander	Schafer	Uphus
Burger	Haukoos	Olsen, S.	Schoenfeld	Valento
Carlson, D.	Heap	Omann	Schreiber	Waltman
Clausnitzer	Himle	Onnen	Seaberg	Winter
Cooper	Hugoson	Ozment	Shaver	
Dempsey	Johnson, V.	Poppenhagen	Sparby	

Those who voted in the negative were:

Anderson, G.	Carruthers	Jefferson	Kelso	Lieder
Battaglia	Clark	Jennings	Kinkel	Long
Bauerly	Dauner	Jensen	Kludt	McEachern
Beard	DeBleeck	Johnson, A.	Knuth	McLaughlin
Begich	Greenfield	Johnson, R.	Kostohryz	Milbert
Bertram	Jacobs	Kalis	Larsen	Minne
Carlson, L.	Jaros	Kelly	Lasley	Morrison

Murphy	Orenstein	Reding	Simoneau	Welle
Nelson, C.	Osthoff	Rest	Skoglund	Wenzel
Nelson, D.	Otis	Rice	Solberg	Wynia
Nelson, K.	Pappas	Rodosovich	Trimble	Spk. Norton
O'Connor	Pauly	Rukavina	Tunheim	
Ogren	Peterson	Sarna	Vanasek	
Olson, E.	Price	Scheid	Voss	
Olson, K.	Quinn	Segal	Wagenius	

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

H. F. No. 1138, A bill for an act relating to small business; requiring use of certain socially and economically disadvantaged subcontractors; removing a five-year eligibility limitation; modifying the definition of small business; amending Minnesota Statutes 1986, sections 16B.19, subdivision 6; 16B.22; and 645.445, subdivisions 2 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. There were 98 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Osthoff	Shaver
Battaglia	Heap	Marsh	Otis	Simoneau
Beard	Himle	McEachern	Ozment	Skoglund
Begich	Jacobs	McLaughlin	Pappas	Solberg
Bennett	Jaros	Milbert	Pauly	Stanius
Bertram	Jefferson	Miller	Pelowski	Tjornhom
Bishop	Jennings	Minne	Peterson	Trimble
Blatz	Jensen	Morrison	Price	Tunheim
Burger	Johnson, A.	Munger	Quinn	Uphus
Carlson, L.	Johnson, R.	Murphy	Reding	Valento
Carruthers	Kalis	Nelson, C.	Rest	Vanasek
Clark	Kelly	Nelson, D.	Rice	Voss
Clausnitzer	Kelso	Nelson, K.	Richter	Wagenius
Cooper	Kinkel	Neuenschwander	Riveness	Welle
Dauner	Kludt	O'Connor	Rodosovich	Wenzel
DeBlicke	Kostohryz	Ogren	Rukavina	Winter
Dille	Krueger	Olsen, S.	Sarna	Wynia
Dorn	Larsen	Olson, E.	Scheid	Spk. Norton
Frederick	Lasley	Olson, K.	Seaberg	
Greenfield	Lieder	Orenstein	Segal	

Those who voted in the negative were:

Anderson, R.	Frerichs	Knuth	Poppenhagen	Schoenfeld
Bauerly	Gruenes	McDonald	Quist	Schreiber
Brown	Haukoos	McPherson	Redalen	Sparby
Carlson, D.	Hugoson	Omann	Rose	Sviggum
Dempsey	Johnson, V.	Onnen	Schafer	Swenson
				Waltman

The bill was passed and its title agreed to.



H. F. No. 1348, A bill for an act relating to retirement; public employees retirement association; authorizing coverage for employees of the St. Paul Ramsey Medical Center commission; amending Minnesota Statutes 1986, section 246A.12, subdivisions 5, 6, 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 112 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Heap	McDonald	Pelowski	Simoneau
Battaglia	Himle	McKasy	Peterson	Skoglund
Bauerly	Hugoson	McLaughlin	Poppenhagen	Solberg
Begich	Jacobs	McPherson	Price	Sparby
Bennett	Jaros	Miller	Quinn	Stanius
Bertram	Jefferson	Minne	Quist	Swenson
Bishop	Jennings	Morrison	Redalen	Tjornhom
Blatz	Jensen	Munger	Reding	Tompkins
Boo	Johnson, A.	Murphy	Rest	Trimble
Brown	Johnson, R.	Nelson, C.	Rice	Tunheim
Burger	Johnson, V.	Nelson, D.	Richter	Uphus
Carlson, D.	Kalis	Nelson, K.	Riveness	Valento
Carlson, L.	Kelly	O'Connor	Rodosovich	Vanasek
Carruthers	Kelso	Olsen, S.	Rose	Voss
Clark	Kinkel	Olson, E.	Rukavina	Wagenius
Clausnitzer	Kludt	Olson, K.	Sarna	Waltman
Cooper	Knuth	Omann	Schafer	Wenzel
Dauner	Kostohryz	Orenstein	Scheid	Winter
DeBlicek	Krueger	Osthoff	Schoenfeld	Wynia
Dille	Larsen	Otis	Schreiber	Spk. Norton
Dorn	Lasley	Ozment	Seaberg	
Frederick	Lieder	Pappas	Segal	
Greenfield	Long	Pauly	Shaver	

Those who voted in the negative were:

Dempsey	Gruenes	Haukoos	Welle
Frerichs	Gutknecht	Marsh	

The bill was passed and its title agreed to.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Scheid moved that the name of Frerichs be shown as chief author on H. F. No. 678. The motion prevailed.

Jennings moved that H. F. No. 1279, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

McPherson moved that H. F. No. 893 be returned to its author. The motion prevailed.

Osthoff moved that:

(1) a select committee on conduct composed of four members be established;

(2) the following members of the house are appointed to serve on said select committee:

Vellenga, Chair          Forsythe

Neuenschwander          Bishop

(3) the select committee on conduct recommend guidelines concerning the conduct of House members including, but not limited to:

(a) under what circumstances members may be disciplined;

(b) what procedural rights to due process members are guaranteed prior to any discipline;

(c) who has the authority to discipline members;

(d) what forms of discipline are appropriate under specific circumstances; and

(e) under what circumstances any member may be discharged from a committee or chairmanship of a committee.

(4) the select committee on conduct report its recommendations to the whole House no later than Friday, May 15.

Vanasek moved that the Osthoff motion be referred to the Committee on Rules and Legislative Administration. The motion prevailed and the Osthoff motion was referred to the Committee on Rules and Legislative Administration.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 10:00 a.m., Saturday, May 2, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Saturday, May 2, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTY-SECOND DAY

SAINT PAUL, MINNESOTA, SATURDAY, MAY 2, 1987

The House of Representatives convened at 10:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Father John Rettger, Church of the Resurrection, Spring Lake Park, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Frerichs	Lieder	Otis	Shaver
Anderson, R.	Greenfield	Long	Ozment	Simoneau
Battaglia	Gruenes	Marsh	Pappas	Skoglund
Bauerly	Gutknecht	McDonald	Pauly	Solberg
Beard	Haukoos	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanius
Bennett	Himle	McLaughlin	Poppenhagen	Steensma
Bertram	Hugoson	McPherson	Price	Svigum
Bishop	Jacobs	Milbert	Quinn	Swenson
Blatz	Jaros	Miller	Quist	Thiede
Boo	Jefferson	Minne	Redalen	Tjornhom
Brown	Jennings	Morrison	Reding	Tompkins
Burger	Jensen	Munger	Rest	Trimble
Carlson, D.	Johnson, A.	Murphy	Rice	Tunheim
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Uphus
Carruthers	Johnson, V.	Nelson, D.	Riveness	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Olsen, S.	Sarna	Waltman
DeBlicke	Kludt	Olson, E.	Schafer	Welle
Dempsey	Knuth	Olson, K.	Scheid	Wenzel
Dille	Kostohryz	Omann	Schoenfeld	Winter
Dorn	Krueger	Onnen	Schreiber	Wynia
Forsythe	Larsen	Orenstein	Seaberg	Spk. Norton
Frederick	Lasley	Osthoff	Segal	

A quorum was present.

Hartle, Knickerbocker, Ogren and Vellenga were excused.

Kahn was excused until 11:30 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 243,1029, 1279, 236, 402, 533, 727, 756, 837, 940, 1115, 1129, 1148, 1165, 1619, 1622, 1420, 1496, 1068 and 1314 have been placed in the members' files.

#### REPORTS OF STANDING COMMITTEES

Voss from the Committee on Taxes to which was referred:

H. F. No. 508, A bill for an act relating to housing; providing for administration of the state's low-income housing credit; authorizing the Minnesota housing finance agency to participate in certain housing construction projects and in certain nonprofit corporations; authorizing the sale or rental of certain housing property; providing definitions; providing for the issuance of certain bonds and notes; amending Minnesota Statutes 1986, sections 462A.03, subdivision 14; 462A.05, subdivisions 14, 21, and by adding subdivisions; 462A.06, subdivisions 7 and 12; 462A.08, subdivisions 1 and 3; and 462A.18, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 867, A bill for an act relating to local improvements; authorizing the levy of special assessments for highway sound barriers; amending Minnesota Statutes 1986, sections 429.011, by adding a subdivision; and 429.021, subdivision 1.

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

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1078, A bill for an act relating to natural resources; providing eligibility requirements for waterbank agreements; providing requirements for the director of the division of waters; requiring the director to maintain current wetland values; authorizing wetland authorities to establish, maintain, and develop wetlands; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owner's report; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design elevation is different than original construction elevation; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; renumbering sections; providing penalties; amending Minnesota Statutes 1986, sections 40.072, subdivisions 3 and 6; 105.392; 105.40; 106A.005, subdivisions 2, 3, 4, 9, 10, 11, 12, 13, 14, 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.021, by adding subdivisions; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivision 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295; 106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, 6, and by adding subdivisions; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2 and 6; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding a subdivision; 106A.705; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60, subdivision 1; and 112.65, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 105A; proposing coding for new law in Minnesota Statutes, chapter

106A; repealing Minnesota Statutes 1986, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; and 111.01 to 111.421.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 105.40, subdivision 11, is amended to read:

Subd. 11. [RULES TO STANDARDIZE FORMS.] ~~The director is authorized to formulate~~ may adopt permanent rules so as to standardize the forms and sizes of maps, plats, drawings and specifications in public drainage proceedings and proceedings and undertakings pertaining relating to public waters of the state. The director must require the permanent grass strips acquired under section 106A.021 to be shown on the maps and maintain an inventory of all permanent grass strips acquired by drainage authorities.

Sec. 2. Minnesota Statutes 1986, section 106A.005, subdivision 2, is amended to read:

Subd. 2. [AFFECTED.] “Affected” means benefited or damaged by a drainage system or project.

Sec. 3. Minnesota Statutes 1986, section 106A.005, subdivision 3, is amended to read:

Subd. 3. [AUDITOR.] “Auditor” means the auditor of the county where the petition for a drainage ~~system~~ project was properly filed.

Sec. 4. Minnesota Statutes 1986, section 106A.005, subdivision 4, is amended to read:

Subd. 4. [BOARD.] “Board” means the board of commissioners of the county where the drainage system or project is located.

Sec. 5. Minnesota Statutes 1986, section 106A.005, subdivision 9, is amended to read:

Subd. 9. [DRAINAGE AUTHORITY.] “Drainage authority” means the board or joint county drainage authority having jurisdiction over a drainage system or project.

Sec. 6. Minnesota Statutes 1986, section 106A.005, subdivision 10, is amended to read:

Subd. 10. [DRAINAGE LIEN.] “Drainage lien” means a ~~recorded~~ lien against recorded on property for the costs of drainage proceed-

ings and construction costs and interest on the lien, as provided under this chapter.

Sec. 7. Minnesota Statutes 1986, section 106A.005, is amended by adding a subdivision to read:

Subd. 10a. [DRAINAGE PROJECT.] "Drainage project" means a new drainage system, an improvement of a drainage system, an improvement of an outlet, or a lateral.

Sec. 8. Minnesota Statutes 1986, section 106A.005, subdivision 11, is amended to read:

Subd. 11. [DRAINAGE SYSTEM.] "Drainage system" means a ditch and tile system of ditch or tile, or both, to drain property, including laterals, improvements, and improvements of outlets, that is proposed to, established by, or and constructed by a drainage authority. "Drainage system" includes the improvement of a natural waterway used in the construction of a drainage system, and any part of a flood control plan proposed by the United States or its agencies in the drainage system.

Sec. 9. Minnesota Statutes 1986, section 106A.005, subdivision 12, is amended to read:

Subd. 12. [ENGINEER.] "Engineer" means the county highway engineer of a county where affected property is located or a professional engineer registered under state law for a drainage project appointed by the drainage authority under section 106A.241, subdivision 1.

Sec. 10. Minnesota Statutes 1986, section 106A.005, subdivision 13, is amended to read:

Subd. 13. [ESTABLISHED.] "Established" means the drainage authority has made the final order to construct the drainage system project.

Sec. 11. Minnesota Statutes 1986, section 106A.005, subdivision 14, is amended to read:

Subd. 14. [LATERAL.] "Lateral" means any drainage construction by branch or extension, or a system of branches and extensions, or a drain that connects or provides an outlet to property with an established drainage system.

Sec. 12. Minnesota Statutes 1986, section 106A.005, is amended by adding a subdivision to read:



Subd. 16a. [OWNER.] "Owner" means an owner of property or a buyer of property under a contract for deed.

Sec. 13. Minnesota Statutes 1986, section 106A.005, is amended by adding a subdivision to read:

Subd. 16b. [PASSES OVER.] "Passes over" means in reference to property that has a drainage project or system, the 40-acre tracts or government lots and property that is bordered by, touched by, or underneath the path of the proposed drainage project.

Sec. 14. Minnesota Statutes 1986, section 106A.005, subdivision 19, is amended to read:

Subd. 19. [PROCEEDING.] "Proceeding" means a procedure under this chapter for or related to drainage that begins with filing a petition and ends by dismissal or establishment of a drainage system project.

Sec. 15. Minnesota Statutes 1986, section 106A.011, subdivision 3, is amended to read:

Subd. 3. [PERMISSION OF COMMISSIONER FOR WORK IN PUBLIC WATERS; APPLICATION.] (a) The drainage authority must receive permission from the commissioner to:

- (1) remove, construct, or alter a dam affecting public waters;
- (2) establish, raise, or lower the level of public waters; or
- (3) drain any portion of a public water.

(b) The petitioners for a proposed drainage system project or the drainage authority may apply to the commissioner for permission to do work in public waters or for the determination of public waters status of a water body or watercourse.

Sec. 16. Minnesota Statutes 1986, section 106A.011, subdivision 4, is amended to read:

Subd. 4. [FLOOD CONTROL.] The drainage authority may construct necessary dams, structures, and improvements and maintain them to impound and release flood water to prevent damage. The dams, structures, and improvements may be constructed with or without a drainage system project. For a water body or watercourse that is not public waters the drainage authority may:

- (1) lower, or establish the height of water in the water body or watercourse to control flood waters;

(2) build structures and improvements to maintain a water body or watercourse for flood control or other public purposes; and

(3) construct dikes or dams in a water body to maintain water at the height designated by the drainage authority and to drain part of the water body.

Sec. 17. Minnesota Statutes 1986, section 106A.015, is amended to read:

106A.015 [CONSIDERATIONS BEFORE DRAINAGE WORK IS DONE.]

Subdivision 1. [ENVIRONMENTAL AND LAND USE CRITERIA.] Before establishing a drainage ~~system~~ project the drainage authority must consider:

(1) private and public benefits and costs of the proposed drainage ~~system~~ project;

(2) the present and anticipated agricultural land acreage availability and use in the drainage project or system;

(3) the present and anticipated land use within the drainage project or system;

(4) flooding characteristics of property in the drainage project or system and downstream for 5, 10, 25, and 50-year flood events;

(5) the waters to be drained and alternative measures to conserve, allocate, and ~~develop~~ use the waters including storage and retention of drainage waters;

(6) the effect on water quality of constructing the proposed drainage ~~system~~ project;

(7) fish and wildlife resources affected by the proposed drainage ~~system~~ project;

(8) shallow groundwater availability, distribution, and use in the drainage project or system; and

(9) the overall environmental impact of all the above criteria.

Subd. 2. [DETERMINING PUBLIC UTILITY, BENEFIT, OR WELFARE.] In any proceeding to establish a drainage ~~system~~ project, or in the construction of or other work affecting a public drainage system under any law, the drainage authority or other authority having jurisdiction of the proceeding must give proper consideration to conservation of soil, water, forests, wild animals,

and related natural resources, and to other public interests affected, together with other material matters as provided by law in determining whether the project will be of public utility, benefit, or welfare.

Sec. 18. Minnesota Statutes 1986, section 106A.021, is amended by adding a subdivision to read:

Subd. 4. [COMPLIANCE WORK BY DRAINAGE AUTHORITY.] If a property owner does not bring an area into compliance with this section as provided in the compliance notice, the inspection committee or drainage inspector must notify the drainage authority. If a property owner does not bring an area into compliance after being notified under section 106A.705, subdivision 1a, the drainage authority must issue an order to have the work performed to bring the property into compliance. After the work is completed, the drainage authority must send a statement of the expenses incurred to bring the property into compliance to the auditor of the county where the property is located and to the property owner.

Sec. 19. Minnesota Statutes 1986, section 106A.021, is amended by adding a subdivision to read:

Subd. 5. [COLLECTION OF COMPLIANCE EXPENSES.] (a) The amount of the expenses is a lien in favor of the drainage authority against the property where the expenses were incurred. The auditor must certify the expenses and enter the amount in the same manner as other drainage liens on the tax list for the following year. The amount must be collected in the same manner as real estate taxes for the property. The provisions of law relating to the collection of real estate taxes shall be used to enforce payment of amounts due under this section. The auditor must include a notice of collection of compliance expenses with the tax statement.

(b) The amounts collected under this subdivision must be deposited in the drainage system account.

Sec. 20. Minnesota Statutes 1986, section 106A.031, is amended to read:

106A.031 [CONNECTION WITH DRAINS IN ADJOINING STATES.]

Subdivision 1. [PROCEDURE.] If it is necessary to construct a drainage system project at or near the boundary between this state and another state or country and the work cannot be done in a proper manner without extending the drainage system project into the adjoining state or country, the drainage authority may join with the board or tribunal of the adjoining state or country having jurisdiction to plan and construct public drainage systems. The drainage authority in this state may enter into contracts or arrange-

ments with the board or tribunal of the adjoining state or country to construct the drainage system project. The proceeding and construction related to property in this state and, as applicable, the drainage authority in relation to the joint drainage work, are governed by this chapter.

Subd. 2. [PAYMENT OF COSTS.] The adjoining county or district in another state or country must pay its proper share of the necessary costs of the construction of any drainage work including damages. If the benefits to property in the adjoining state or country are not sufficient to pay all the costs of construction of the drainage system project in that state or country, including damages, the drainage authority may authorize or direct the affected counties to contribute sufficient funds to complete the construction of the drainage system project in the adjoining state or country, if the construction will be of sufficient benefit to the affected property in this state to warrant the contribution.

Sec. 21. [106A.043] [INFORMAL MEETINGS.]

A drainage authority may hold informal meetings in addition to the meetings and hearings required in this chapter to inform persons affected by the drainage system about the drainage proceedings and provide a forum for informal discussions.

Sec. 22. Minnesota Statutes 1986, section 106A.051, is amended to read:

106A.051 [DEFECTIVE PROCEEDINGS.]

(a) A party may not take advantage of an error in a drainage proceeding or an informality, error, or defect appearing in the record of the proceeding or construction, unless the party complaining is directly affected. The modification of the benefits or damages to any property, or the enjoining of collection of any assessment, does not affect any other property or the collection of any assessment on other property.

(b) If a drainage system project has been established and a contract awarded in good faith, without collusion, and at a reasonable price:

(1) a defect or lack of notice in awarding, making, or executing the contract does not affect the enforcement of an assessment; and

(2) if the contract is performed in good faith in whole or in part, a defect does not invalidate the contract.

Sec. 23. Minnesota Statutes 1986, section 106A.055, is amended to read:

**106A.055 [REIMBURSEMENT OF COST OF FORMER SURVEYS WHEN USED LATER.]**

If after a proceeding has begun a survey has been made and a proceeding to establish a drainage system project has been dismissed or the drainage system project has not been established, and all or a part of the former survey is used by the engineer for a drainage proceeding in the same area, the amount saved in the subsequent proceedings must be paid to the proper parties according to this section. If the parties who paid the expense of the former survey make a petition, the drainage authority shall:

(1) determine the amount of benefit that was derived by the subsequent proceedings from the former survey;

(2) order the amount of the benefit to be paid to the proper parties; and

(3) charge the amount paid as a cost of the subsequent drainage proceeding.

Sec. 24. Minnesota Statutes 1986, section 106A.081, subdivision 2, is amended to read:

Subd. 2. [OBSTRUCTION OR DAMAGE OF A DRAINAGE SYSTEM.] A person may not willfully obstruct or damage a drainage project or system.

Sec. 25. Minnesota Statutes 1986, section 106A.081, subdivision 3, is amended to read:

Subd. 3. [ALTERING ENGINEER'S MARKING OF STAKES.] A person may not willfully change the location or alter markings of stakes set by the engineer in a drainage project or system.

Sec. 26. Minnesota Statutes 1986, section 106A.091, subdivision 4, is amended to read:

Subd. 4. [APPEAL TRIAL.] (a) The issues in the appeal are entitled to a trial by a jury at the next term of in the district court after the appeal is filed that is held within of the county where the drainage proceeding was pending.

(b) If At the request of the appellant requests it, the trial must be held at the next term of the district court of the county where the affected property is located. The court administrator of the district court where the appeal is first filed shall make, certify, and file with the court administrator of the district court of the county where the trial is transferred, a transcript of the papers and documents on file in the court administrator's office in the proceedings related to the

matters of the appeal. After the final determination of the appeal, the court administrator of the district court that tried the appeal shall certify and return the verdict to the district court of the county where the drainage proceedings were filed.

(c) The appeal shall take precedence over all other civil court matters. If there is more than one appeal to be tried in one county, the court may, on its own motion or the motion of an interested party, consolidate two or more appeals and try them together, but the rights of the appellants must be determined separately. If the appellant does not prevail, the cost of the trial must be paid by the appellant.

(d) The court administrator of the district court where the appeal is filed shall file a certified copy of the final determination of the appeal with the auditor of the affected counties.

Sec. 27. Minnesota Statutes 1986, section 106A.095, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF APPEAL.] A party may appeal an order made by the board that dismisses drainage proceedings or establishes or refuses to establish a drainage system project to the district court of the county where the drainage proceedings are pending. The appellant must serve notice of the appeal to the auditor within 30 days after the order is filed. After notice of the appeal is served, the appeal may be brought to trial by the appellant or the drainage authority after notifying the other party at least ten days before the trial date.

Sec. 28. Minnesota Statutes 1986, section 106A.095, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF BENEFITS AND DAMAGES AFTER COURT ORDER.] If the order establishing a drainage system project is appealed, the trial of appeals related to benefits or damages in the drainage proceeding must be stayed until the establishment appeal is determined. If the order establishing the drainage system project is affirmed, appeals related to benefits and damages must then be tried.

Sec. 29. Minnesota Statutes 1986, section 106A.095, subdivision 4, is amended to read:

Subd. 4. [PROCEDURE IF APPEAL ORDER ESTABLISHES DRAINAGE SYSTEM PROJECT.] If an order refusing to establish a drainage system project is appealed, and the court, by order, establishes the drainage system project, the auditor shall give notice by publication of the filed order. The notice is sufficient if it refers to the drainage project or system by number or other descriptive designation, states the meaning of the order, and states the date the court

order was filed. A person may appeal the establishment order to the district court as provided in this section.

Sec. 30. [106A.097] [PAYMENT OF ATTORNEY FEES ON APPEAL.]

If the commissioner of natural resources is a party making an appeal under section 106A.091 or 106A.095 and the commissioner does not prevail on the issues appealed, the court may award attorney fees to the party prevailing on the appeal. If more than one issue is appealed and the commissioner prevails on some issues and does not prevail on others, the court shall determine the amount of the attorney fee to be awarded.

Sec. 31. Minnesota Statutes 1986, section 106A.101, subdivision 2, is amended to read:

Subd. 2. [RECORD REQUIREMENTS.] All maps, plats, profiles, plans, and specifications prepared and used in relation to a proceeding must:

- (1) be uniform;
- (2) have each sheet bound and marked to identify the proceeding by the drainage project and system number;
- (3) show the name of the person preparing the sheet;
- (4) show the date the sheet was prepared; and
- (5) conform to rules and standards prescribed by the director of the division of waters.

Sec. 32. Minnesota Statutes 1986, section 106A.101, subdivision 4, is amended to read:

Subd. 4. [ENGINEER'S DOCUMENTS.] All original plats, profiles, records, and field books made by the engineer during the proceedings or the construction of a drainage system project are public records and the property of the drainage authority. These public records must be filed with the auditor under the direction of the drainage authority when construction is completed or when the engineer stops acting for the drainage system project, whichever is earlier.

Sec. 33. [106A.202] [PETITIONS.]

Subdivision 1. [APPLICABILITY.] This section applies to a petition for a drainage project or a petition for repair.

Subd. 2. [SIGNATURES ON PETITION.] (a) A petition must be signed by a requisite number of owners of 40-acre tracts or government lots and property that the drainage project described in the petition passes over, or by the property owners of the required percentage of the property area determined by the total and percentage of area of 40-acre tracts or government lots that the proposed drainage project passes over, excluding areas in and holders of easements for utilities and roads. A petition may be signed by the commissioner of transportation or by a political subdivision if the property is in their jurisdiction and is passed over by the proposed drainage project.

(b) Each separate parcel of property counts as one signature but must be signed by all owners to count as a signature. The signature of each entity regardless of the number of parcels of property owned counts as one signature on the petition.

(c) Paragraph (a) does not apply to a petition for an improvement of an outlet.

Subd. 3. [WITHDRAWAL OF A PETITIONER.] After a petition has been filed, a petitioner may not withdraw from the petition except with the written consent of all other petitioners on the filed petition.

Subd. 4. [FILING PETITION AND BOND.] A petition for a drainage project and a bond must be filed with the auditor. If a drainage system is within two or more counties, the petition must be filed with the auditor of the county with the greatest area of property that the proposed drainage project passes over.

Subd. 5. [PETITIONERS' BOND.] One or more petitioners must file a bond with the petition for at least \$10,000 that is payable to the county where the petition is filed, or for a petition for a proposed joint county drainage system or a petition for a drainage project affecting a joint county drainage system. The bond must be payable to all of the counties named in the petition. The bond must have adequate surety and be approved by the county attorney. The bond must be conditioned to pay the costs incurred if the proceedings are dismissed or a contract is not awarded to construct the drainage system proposed in the petition.

Subd. 6. [EXPENSES NOT TO EXCEED BOND.] The costs incurred before the proposed drainage project is established may not exceed the amount of the petitioners' bond. A claim for expenses greater than the amount of the bond may not be paid unless an additional bond is filed. If the drainage authority determines that the cost of the proceeding will be greater than the petitioners' bond before the proposed drainage project is established, the drainage authority must require an additional bond to cover all costs to be filed within a prescribed time. The proceeding must be stopped until



the additional bond prescribed by the drainage authority is filed. If the additional bond is not filed within the time prescribed, the proceeding must be dismissed.

Sec. 34. [106A.212] [NEW DRAINAGE SYSTEM PROJECTS.]

Subdivision 1. [PROCEDURE.] To establish a new drainage system under this chapter, the petitioners and drainage authority must proceed according to this section and the provisions applicable to establishment of drainage projects.

Subd. 2. [SIGNATURES ON PETITION.] The petition for a new drainage system must be signed by a majority of the owners of the property that the proposed drainage system described in the petition passes over, or by the property owners of at least 60 percent of the area that the proposed new drainage system passes over.

Subd. 3. [PETITION REQUIREMENTS.] The petition must:

(1) describe the 40-acre tracts or government lots and property where the proposed new drainage system passes over, including names and addresses of the property owners from the county assessor's office;

(2) describe the starting point, the general course, and the terminus of the proposed drainage system;

(3) state why the proposed drainage system is necessary;

(4) state that the proposed drainage system will benefit and be useful to the public and will promote public health; and

(5) state that the petitioners will pay all costs of the proceedings if the proceedings are dismissed or the contract for the construction of the proposed drainage system is not awarded.

Sec. 35. Minnesota Statutes 1986, section 106A.215, subdivision 4, is amended to read:

Subd. 4. [PETITION.] (a) ~~To start an improvement proceeding,~~ A petition must be signed by:

(1) at least 26 percent of the ~~resident~~ owners of the property affected by the proposed improvement;

(2) at least 26 percent of the ~~resident~~ owners of property that the proposed improvement passes over;

(3) the owners of at least 26 percent of the property area affected by the proposed improvement; or

(4) the owners of at least 26 percent of the property area that the proposed improvement passes over.

(b) The petition must be filed with the auditor or, for a drainage system in more than one county, with the auditor of the county having the largest area of property the improvement is located on.

(c) ~~The provisions of section 106A.201, subdivision 3, regarding signatures of public officials apply to this subdivision.~~

(d) The petition must:

(1) designate the drainage system proposed to be improved by number or another description that identifies the drainage system;

(2) state that the drainage system has insufficient capacity or needs enlarging or extending to furnish sufficient capacity or a better outlet;

(3) describe the starting point, general course, and terminus of any extension;

(4) describe the improvement, including the names and addresses of owners of the 40-acre tracts or government lots and property that the improvement passes over;

(5) state that the proposed improvement will be of public utility and promote the public health; and

~~(5)~~ (6) contain an agreement by the petitioners that they will pay all costs and expenses that may be incurred if the improvement proceedings are dismissed.

Sec. 36. Minnesota Statutes 1986, section 106A.215, subdivision 5, is amended to read:

Subd. 5. [SUBSEQUENT PROCEEDINGS.] When a petition and the bond required by section 106A.205 are filed, the auditor shall present the petition to the board at its next meeting or, for a joint county drainage system, to the joint county drainage authority within ten days after the petition is filed. The drainage authority shall appoint an engineer to examine the drainage system and make an improvement report. The improvement proceedings must proceed under this chapter as provided for the original proceedings for the establishment of a drainage system project. The benefits and damages determined must be as a result of the proposed improvement. Assessments for the repair of the improvement must be based on the benefits determined for the improvement.

Sec. 37. Minnesota Statutes 1986, section 106A.221, is amended to read:

106A.221 [IMPROVEMENT OF OUTLETS.]

Subdivision 1. [CONDITIONS FOR IMPROVEMENT OF OUTLETS.] If a public or private, proposed drainage project or existing drainage system has waters draining into an existing drainage system, watercourse, or body of water, and the construction or proposed construction of the drainage system project causes an overflow of the existing drainage system, watercourse, or body of water on adjoining property, an affected county or the owners of the overflowed property may start outlet improvement proceedings under this section.

Subd. 2. [PETITION.] (a) A petition must be signed by the board of an affected county, by at least 26 percent of the ~~resident~~ owners of adjoining overflowed property, or by the owners of at least 26 percent of the area of the overflowed property. The petition must:

(1) describe the property that has been or is likely to be overflowed including the names and addresses of the property owners from the county assessor's office;

(2) state in general terms by number or otherwise the drainage systems that have caused or are likely to cause the overflow;

(3) describe the location of the overflowed drainage system, watercourse, or body of water and the outlet;

(4) show the necessity of the improvement by enlarging the system or controlling the waters by off-take ditches, additional outlets, or otherwise;

(5) show that the outlet improvement will protect the adjoining property from overflow;

(6) state that the improvement will be of public benefit and utility and improve the public health; and

(7) state that the petitioners will pay all costs incurred if the proceedings are dismissed or a contract for the construction outlet improvement is not awarded.

(b) The petitioners, except for a petition made by the board, shall give the required bond ~~required by section 106A.205~~.

Subd. 3. [FILING OF PETITION.] The petition shall be filed with the county auditor. If the board makes the petition, it must be addressed to the drainage authority and filed with the auditor. If

part of the improvement or the overflowed property is located in more than one county, the petition must be filed with the auditor of the county with the greatest affected area.

Subd. 4. [JURISDICTION OF BOARD AND DISTRICT COURT DRAINAGE AUTHORITY.] After the petition is filed, the board or joint county drainage authority where the petition is filed, has jurisdiction of the petition, the improvement, the affected property, and all proceedings for the establishment and construction of the outlet improvement and the assessment of property benefited by the outlet improvement, as provided for establishment and construction of a drainage system project under this chapter.

Subd. 5. [PRELIMINARY SURVEY REPORT REQUIREMENTS.] In the preliminary survey report, the engineer shall show the existing or proposed drainage projects or systems that cause the overflow, the property drained or to be drained by the drainage system project, and the names of affected property owners.

Subd. 6. [BENEFITED PROPERTY TO BE DETERMINED BY VIEWERS.] If, after the preliminary survey report hearing, a detailed survey is ordered and viewers appointed, the viewers shall determine and report the benefits to all property from the outlet improvement including property drained or to be drained by the existing or drainage system and proposed drainage system project.

Sec. 38. Minnesota Statutes 1986, section 106A.225, is amended to read:

106A.225 [LATERALS.]

Subdivision 1. [PETITION.] (a) Persons that own property in the vicinity of an existing drainage system may petition for a lateral that connects their property with the drainage system. The petition must be signed by at least 26 percent of the resident owners of the property or by the owners of at least 26 percent of the area of the property traversed by that the lateral passes over. The petition must be filed with the auditor, or for property in more than one county, the petition must be filed with the auditor of the county with the largest property area traversed by passed over by the lateral. The petition must:

(1) describe in general terms the starting point, general course, and terminus of the proposed lateral;

(2) describe the property traversed by the lateral including the names and addresses of the property owners from the county assessor's office;

(3) state the necessity to construct the lateral;

(4) state that, if constructed, the lateral will be of public benefit and utility and promote the public health;

(5) request that the lateral be constructed and connected with the drainage system; and

(6) provide that the petitioners will pay all costs incurred if the proceedings are dismissed or if a contract for the construction of the lateral is not awarded.

(b) The petitioners shall give the bond required by section 106A.205.

Subd. 2. [ESTABLISHMENT PROCEDURE.] After the petition is filed, the procedure to establish and construct the lateral is the same as that provided in this chapter to establish a new drainage system project.

Subd. 3. [AUTHORITY NECESSARY FOR PROPERTY NOT ASSESSED.] A lateral may not be constructed to drain property that is not assessed benefits for the existing public drainage system until express authority for the use of the existing drainage system as an outlet for the lateral has been obtained under section 106A.401.

Sec. 39. Minnesota Statutes 1986, section 106A.231, is amended to read:

106A.231 [DISMISSAL OR DELAY OF PROCEEDINGS BY PETITIONERS.]

Subdivision 1. [DISMISSAL.] (a) A proceeding under this chapter may be dismissed by a majority of the petitioners if they own at least 60 percent of the area owned by all of the petitioners as described in the petition.

(b) The proceeding may be dismissed at any time before the proposed drainage system project is established after payment of the cost of the proceeding. If the costs cannot be collected, each and all petitioners are liable for unpaid assessments. The drainage authority shall determine and assess the cost of the proceeding against the persons liable. After the proceeding is dismissed any other action on the proposed drainage system project must begin with a new petition.

Subd. 2. [DELAY.] The drainage authority may delay drainage proceedings and drainage project construction under this chapter if a majority of the petitioners petition for a delay and the drainage authority holds a hearing on the petition. The delay may be for a period determined by the drainage authority. The drainage authority shall determine the cost of the proceedings up to the time the

proceedings are delayed and when the costs are to be paid. The costs may include interest on the costs due.

Sec. 40. Minnesota Statutes 1986, section 106A.235, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] A petition for a proposed drainage system project in two or more counties must be designated as a joint county drainage system with a number assigned by the auditor of the county with the largest area of property in the drainage system project.

Sec. 41. Minnesota Statutes 1986, section 106A.235, subdivision 2, is amended to read:

Subd. 2. [JOINT COUNTY DRAINAGE AUTHORITY.] The board where a petition for a proposed joint county drainage system project is filed shall notify the board of each county where property is affected by the drainage system and request the boards to meet jointly and consider the petition. The boards shall select five of their members at the meeting to be the drainage authority. At least one member must be from each board. The drainage authority shall be known as the joint county drainage authority with a joint county drainage project or system number. A vacancy in the membership of the joint county drainage authority must be filled by joint action of the boards.

Sec. 42. [106A.238] [COUNTY ATTORNEY REVIEW OF PETITION AND BOND.]

The county attorney must review each petition and bond filed with the county to determine if it meets the requirement of the proceedings for which it is intended. The county attorney must review the petition and bond within 30 days after it is filed. The county attorney must:

(1) refer the petition and bond back to the petitioners if it does not meet the requirements, with the county attorney's opinion describing the deficiencies of the petition; or

(2) refer the petition to the drainage authority.

Sec. 43. Minnesota Statutes 1986, section 106A.241, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] Within 30 days after filing the receiving a petition and bond from the county attorney, the drainage authority shall, by order, appoint an engineer to make a preliminary survey within a prescribed time. The engineer must be the county highway engineer of a county where the affected property is located

or a professional engineer registered under state law. The engineer is the engineer for the drainage system project throughout the proceeding and construction unless otherwise ordered. Each appointed engineer must file an oath and bond. The engineer may be removed by the drainage authority at any time. If the engineer position is vacant, the drainage authority shall appoint another engineer as soon as possible.

Sec. 44. Minnesota Statutes 1986, section 106A.241, subdivision 2, is amended to read:

Subd. 2. [OATH; BOND.] An appointed engineer must subscribe to an oath to faithfully perform the assigned duties in the best manner possible and file a bond with the auditor. Within ten days after being appointed, the drainage authority shall set an amount of at least \$5,000 for the bond. The bond must have adequate surety and be payable to the county where the petition is filed, or for a proposed joint county drainage system project to all counties in the petition. The bond must be conditioned to pay any person or the drainage authority for damages and injuries resulting from negligence of the engineer while the engineer is acting in the proceedings or construction, and provide that the engineer will diligently and honestly perform the engineer's duties. The bond is subject to approval by the auditor. The aggregate liability of the surety for all damages may not exceed the amount of the bond.

Sec. 45. Minnesota Statutes 1986, section 106A.241, subdivision 5, is amended to read:

Subd. 5. [CONSULTING ENGINEER.] After the engineer is appointed and before construction of the drainage system project is finished, the drainage authority may employ an engineer as a consulting engineer for the proceeding and construction. A consulting engineer shall advise the engineer and drainage authority on engineering matters and problems that may arise related to the proceeding and construction of the drainage system project. The drainage authority shall determine the compensation for the consulting engineer.

Sec. 46. Minnesota Statutes 1986, section 106A.245, is amended to read:

106A.245 [PRELIMINARY SURVEY AND PRELIMINARY SURVEY REPORT.]

Subdivision 1. [SURVEY.] The engineer shall proceed promptly to:

(1) examine the petition and order;

(2) make a preliminary survey of the area likely to be affected by the proposed drainage ~~system~~ project to enable the engineer to determine whether the proposed drainage ~~system~~ project is necessary and feasible with reference to the environmental and land use criteria in section 106A.015, subdivision 1;

(3) examine and gather information related to determining whether the proposed drainage ~~system~~ project substantially affects areas that are public waters; and

(4) if the proposed drainage ~~system~~ project requires construction of an open channel, examine the nature and capacity of the outlet and any necessary extension.

Subd. 2. [LIMITATION OF SURVEY.] The engineer shall restrict the preliminary survey to the drainage area described in the petition, except that to secure an outlet the engineer may run levels necessary to determine the distance for the proper fall. The preliminary survey must consider the impact of the proposed drainage ~~system~~ project on the environmental and land use criteria in section 106A.015, subdivision 1. The drainage authority may have other areas surveyed after:

(1) giving notice by mail of a hearing to survey additional areas, to be held at least ten days after the notice is mailed, to the petitioners and persons liable on the petitioners' bond;

(2) holding the hearing;

(3) obtaining consent of the persons liable on the petitioners' bond; and

(4) ordering the additional area surveyed by the engineer.

Subd. 3. [ADOPTION OF FEDERAL PROJECT.] The engineer may approve and include as a part of the report, a project of the United States relating to drainage or flood control that is within the proposed drainage ~~system~~ project area, and may accept data, plats, plans, or information relating to the project furnished by United States engineers. The engineer does not need to make the preliminary survey if the material furnished by the United States is sufficient for the engineer to make the preliminary survey report.

Subd. 4. [PRELIMINARY SURVEY REPORT.] The engineer shall report the proposed drainage ~~system~~ project plan or recommend a different practical plan. The report must give sufficient information, in detail, to inform the drainage authority on issues related to feasibility, and show changes necessary to make the proposed plan practicable and feasible including extensions, laterals, and other work. If the engineer finds the proposed drainage ~~system~~ project in



the petition is feasible and complies with the environmental and land use criteria in section 106A.015, subdivision 1, the engineer shall include in the preliminary survey report a preliminary plan of the proposed system drainage project showing the proposed ditches, tile, laterals, and other improvements, the outlet of the system project, the watershed of the drainage project or system, and the property likely to be affected and its known owners. The plan must show:

(1) the elevation of the outlet and the controlling elevations of the property likely to be affected referenced to standard sea level datum, if practical;

(2) the probable size and character of the ditches and laterals necessary to make the plan practicable and feasible;

(3) the character of the outlet and whether it is sufficient;

(4) the probable cost of the drains and improvements shown on the plan;

(5) all other information and data necessary to disclose the practicability, necessity, and feasibility of the proposed drainage system project;

(6) consideration of the drainage project under the environmental and land use criteria in section 106A.015, subdivision 1, of the proposed drainage system; and

(7) other information as ordered by the drainage authority.

Sec. 47. Minnesota Statutes 1986, section 106A.251, is amended to read:

106A.251 [FILING PRELIMINARY SURVEY REPORT.]

The engineer shall file the completed preliminary survey report in duplicate with the auditor. The auditor shall send one copy of the report to the director. If the proposed drainage system project involves a joint county drainage project or system, a copy of the report must be filed with the auditor of each affected county.

Sec. 48. Minnesota Statutes 1986, section 106A.261, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] When the preliminary survey report is filed, the auditor shall promptly notify the drainage authority. The drainage authority in consultation with the auditor shall set a time, by order, not more than 30 days after the date of the order, for a hearing on the preliminary survey report. At least ten days before

the hearing, the drainage authority after consulting with the auditor shall give notice by mail of the time and location of the hearing to the petitioners, owners of property, and political subdivisions likely to be affected by the proposed drainage system project in the preliminary survey report.

Sec. 49. Minnesota Statutes 1986, section 106A.261, subdivision 3, is amended to read:

Subd. 3. [SUFFICIENCY OF PETITION.] (a) The drainage authority shall first examine the petition and determine if it meets the legal requirements.

(b) If the petition does not meet the legal requirements of this chapter, the hearing shall be adjourned ~~and~~ until a specified date by which the petitioners must resubmit the petition. The petition must be referred back to the petitioners. ~~The petitioners who,~~ by unanimous action, may amend the petition. The petitioners may obtain signatures of additional property owners as added petitioners.

(c) When the hearing is reconvened, if at the adjourned hearing the petition is not resubmitted or does not meet the legal requirements, the proceedings must be dismissed.

Sec. 50. Minnesota Statutes 1986, section 106A.261, subdivision 4, is amended to read:

Subd. 4. [DISMISSAL.] (a) The drainage authority shall dismiss the proceedings if it determines that:

- (1) the proposed drainage system project is not feasible;
- (2) the adverse environmental impact is greater than the public benefit and utility after considering the environmental and land use criteria in section 106A.015, subdivision 1, and the engineer has not reported a plan to make the proposed drainage system project feasible and acceptable;
- (3) the proposed drainage system project is not of public benefit or utility; or
- (4) the outlet is not adequate.

(b) If the proceedings are dismissed, any other action on the proposed drainage system project must begin with a new petition.

Sec. 51. Minnesota Statutes 1986, section 106A.261, subdivision 5, is amended to read:

Subd. 5. [FINDINGS AND ORDER.] (a) The drainage authority shall state, by order, its findings and any changes that must be made in the proposed drainage system project from those outlined in the petition, including changes necessary to minimize or mitigate adverse impact on the environment, if it determines that:

(1) the proposed drainage system project outlined in the petition, or modified and recommended by the engineer, is feasible;

(2) there is necessity for the proposed drainage system project;

(3) the proposed drainage system project will be of public benefit and promote the public health, after considering the environmental and land use criteria in section 106A.015, subdivision 1; and

(4) the outlet is adequate.

(b) Changes may be stated by describing them in general terms or filing a map that outlines the changes in the proposed drainage system project with the order. The order and accompanying documents must be filed with the auditor.

Sec. 52. Minnesota Statutes 1986, section 106A.261, subdivision 6, is amended to read:

Subd. 6. [OUTLET IS EXISTING DRAINAGE SYSTEM.] If the outlet is an existing drainage system, the drainage authority may determine that the outlet is adequate and obtain permission to use the existing drainage system as an outlet. The drainage authority shall assign a number to the proposed drainage system project and proceed under section 106A.401 to act in behalf of the proposed drainage system project.

Sec. 53. Minnesota Statutes 1986, section 106A.261, subdivision 7, is amended to read:

Subd. 7. [EFFECT OF FINDINGS.] (a) For all further proceedings, the order modifies the petition and the order must be considered with the petition.

(b) The findings and order of the drainage authority at the preliminary hearing are conclusive only for the signatures and legal requirements of the petition, the nature and extent of the proposed plan, and the need for a detailed survey, and only for the persons or parties shown by the preliminary survey report as likely to be affected by the proposed drainage system project. All questions related to the practicability and necessity of the proposed drainage system project are subject to additional investigation and consideration at the final hearing.

Sec. 54. Minnesota Statutes 1986, section 106A.265, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] When the preliminary hearing order is filed with the auditor, the drainage authority shall order the engineer to make a detailed survey with plans and specifications for the proposed drainage ~~system~~ project and submit a detailed survey report to the drainage authority as soon as possible.

Sec. 55. Minnesota Statutes 1986, section 106A.271, subdivision 1, is amended to read:

Subdivision 1. [SURVEY AND EXAMINATION.] When an order for a detailed survey is filed, the engineer shall proceed to survey the lines of the proposed drainage ~~system~~ project in the preliminary hearing order, and survey and examine affected property.

Sec. 56. Minnesota Statutes 1986, section 106A.275, is amended to read:

106A.275 [ENGINEER'S VARIANCE FROM DRAINAGE AUTHORITY ORDER.]

(a) In planning a proposed drainage ~~system~~ project, the engineer may vary from the starting point and the line and plan described by the preliminary hearing order if necessary to drain the property likely to be assessed in the proposed drainage ~~system~~ project.

(b) The engineer may:

(1) survey and recommend the location of additional necessary ditches and tile;

(2) where better results will be accomplished and more desirable outlets secured; provide for the extension of the outlet; and

(3) provide for different parts of the drainage to flow in different directions with more than one outlet.

(c) The open ditches do not have to connect if they drain the area to be affected in the petition. The variance must be reported with similar information in the detailed survey report.

Sec. 57. Minnesota Statutes 1986, section 106A.281, is amended to read:

106A.281 [SOIL SURVEY.]

The engineer shall make a soil survey if: (1) the drainage authority orders a soil survey; (2) the commissioner requests a soil

survey; or (3) the engineer determines a soil survey is necessary. The soil survey must show the nature and character of the soil in the proposed drainage project area and include the engineer's findings from the soil survey. The report on the soil survey must be included in the detailed survey report or reported and filed separately before the final hearing.

Sec. 58. Minnesota Statutes 1986, section 106A.285, subdivision 2, is amended to read:

Subd. 2. [MAP.] A complete map of the proposed drainage project and drainage system must be drawn to scale, showing:

(1) the terminus and course of each drain and whether it is ditch or tile, and the location of other proposed drainage works;

(2) the location and situation of the outlet;

(3) the watershed of the proposed drainage system project and the subwatershed of main branches, if any, with the location of existing highway bridges and culverts;

(4) all property affected, with the names of the known owners;

(5) public roads and railways affected;

(6) the outline of any lake basin, wetland, or public water body affected;

(7) other physical characteristics of the watershed necessary to understand the proposed drainage project and the affected drainage system; and

(8) the area to be acquired to maintain a grass strip under section 106A.021.

Sec. 59. Minnesota Statutes 1986, section 106A.285, subdivision 4, is amended to read:

Subd. 4. [BRIDGE AND CULVERT PLANS.] Plans for private bridges and culverts to be constructed by and as a part of the proposed drainage system project and plans for other works to be constructed for the proposed drainage system project must be presented. A list must be made that shows the required minimum hydraulic capacity of bridges and culverts at railways and highways that cross ditches, and at other prospective ditch crossings where bridges and culverts are not specified to be constructed as part of the proposed drainage system project. Plans and estimates of the cost of highway bridges and culverts must be prepared for the viewers to determine benefits and damages.

Sec. 60. Minnesota Statutes 1986, section 106A.285, subdivision 5, is amended to read:

Subd. 5. [TABULAR STATEMENT OF EXCAVATION, CONSTRUCTION, AND COST.] A tabular statement must be prepared showing:

(1) the number of cubic yards of excavation, linear feet of tile, and average depth on each tile line;

(2) the bridges, culverts, and works to be constructed under the plans for the system drainage project; and

(3) the estimated unit cost of each item, a summary of the total cost, and an estimate of the total cost of completing the proposed drainage system project that includes supervision and other costs.

Sec. 61. Minnesota Statutes 1986, section 106A.285, subdivision 6, is amended to read:

Subd. 6. [RIGHT-OF-WAY ACREAGE.] The acreage must be shown that will be taken for ditch right-of-way on each government lot, 40 acre tract, or fraction of a lot or tract under separate ownership. The ditch right-of-way must include the area to be taken to maintain a grass strip under section 106A.021.

Sec. 62. Minnesota Statutes 1986, section 106A.285, subdivision 9, is amended to read:

Subd. 9. [RECOMMENDATION FOR DIVISION OF WORK.] If construction of the proposed drainage system project would be more economical, the engineer may recommend: (1) that the work be divided into sections and contracted separately; (2) that the ditch and tile work or tile and labor on the system project be contracted separately, or (3) the time and manner for the work to be completed.

Sec. 63. Minnesota Statutes 1986, section 106A.285, subdivision 10, is amended to read:

Subd. 10. [OTHER INFORMATION ON PRACTICABILITY AND NECESSITY OF DRAINAGE SYSTEM PROJECT.] Other data and information to inform the drainage authority of the practicability and necessity of the proposed drainage system project must be made available including a comprehensive examination and the recommendation by the engineer regarding the environmental and land use criteria in section 106A.015, subdivision 1.

Sec. 64. Minnesota Statutes 1986, section 106A.295, is amended to read:

106A.295 [REVISION OF ENGINEER'S DETAILED SURVEY REPORT AFTER ACCEPTANCE.]

After the final acceptance of the proposed drainage system project, the engineer shall revise the plan, profiles, and designs of structures to show the drainage project as actually constructed on the original tracings. The engineer shall file the revised detailed survey report with the auditor. The auditor shall forward the original or a copy to the director as a permanent record.

Sec. 65. Minnesota Statutes 1986, section 106A.301, is amended to read:

106A.301 [COMMISSIONER'S FINAL ADVISORY REPORT.]

(a) The commissioner shall examine the detailed survey report and within 30 days of receipt make a final advisory report to the drainage authority. The final advisory report must state whether the commissioner:

(1) finds the detailed survey report is incomplete and not in accordance with the provisions of this chapter, specifying the incomplete or nonconforming provisions;

(2) approves the detailed survey report as an acceptable plan to drain the property affected;

(3) does not approve the plan and recommendations for changes;

(4) finds the proposed drainage system project is not of public benefit or utility under the environmental and land use criteria in section 106A.015, subdivision 1, specifying the facts and evidence supporting the findings; or

(5) finds a soil survey is needed, and, if it is, makes a request to the engineer to make a soil survey.

(b) The commissioner shall direct the final advisory report to the drainage authority and file it with the auditor.

Sec. 66. Minnesota Statutes 1986, section 106A.305, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] When the order for a detailed survey is made, the drainage authority shall, by order, appoint viewers consisting of three disinterested resident property owners of the counties affected by the proposed drainage system residents of the state qualified to assess benefits and damages. The drainage authority may establish qualifications for viewers.

Sec. 67. Minnesota Statutes 1986, section 106A.311, is amended to read:

106A.311 [VIEWERS' DUTIES.]

The viewers, with or without the engineer, shall determine the benefits and damages to all property affected by the proposed drainage system project and make a viewers' report.

Sec. 68. Minnesota Statutes 1986, section 106A.315, subdivision 1, is amended to read:

Subdivision 1. [STATE LAND.] Property owned by the state must have benefits and damages reported in the same manner as taxable lands subject to the provisions relating to conservation areas in section 106A.015, subdivision 2 106A.025.

Sec. 69. Minnesota Statutes 1986, section 106A.315, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENT PROPERTY.] The viewers shall report the benefits and damages to the state, counties, and municipalities within the proposed drainage system project. The property within the jurisdiction of a municipality, whether owned by the municipality or by private parties, may be assessed as benefits and damages to the municipality.

Sec. 70. Minnesota Statutes 1986, section 106A.315, subdivision 5, is amended to read:

Subd. 5. [EXTENT AND BASIS OF BENEFITS.] (a) The viewers shall determine the amount of benefits to all property benefited within the watershed, whether the property is benefited immediately by the construction of the proposed drainage system project or the proposed drainage system project can become an outlet for drainage, makes an outlet more accessible, or otherwise directly benefits the property. The benefits may be based on:

(1) an increase in the current market value of property as a result of constructing the project;

(2) an increase in the potential for agricultural production as a result of constructing the project; or

(3) an increased value as a result of a potential different land use.

(b) Benefits and damages may only be assessed against the property benefited or damaged or an easement interest in property for the exclusive use of the surface of the property.



Sec. 71. Minnesota Statutes 1986, section 106A.315, subdivision 6, is amended to read:

Subd. 6. [BENEFITS FOR PROPOSED DRAINAGE SYSTEM PROJECT AS OUTLET.] (a) If the proposed drainage system project furnishes an outlet to an existing drainage system and benefits the property drained by the existing system, the viewers shall equitably determine and assess:

(1) the benefits of the proposed drainage system project to each tract or lot drained by the existing drainage system;

(2) a single amount as an outlet benefit to the existing drainage system; or

(3) benefits on a watershed acre basis.

(b) Assessments that conform with the provisions in this subdivision are valid. If a single sum is assessed as an outlet benefit, the lien for the assessment must be prorated on all property benefited by the existing drainage system in proportion to the benefits determined in for the existing drainage system proceeding.

(c) Within the watershed that drains to the area where a project is located, the viewers may assess outlet benefits on:

(1) property that is responsible for increased siltation in downstream areas of the watershed; and

(2) property that is responsible for increased drainage system maintenance or increased drainage system capacity because the natural drainage on the property has been altered or modified to accelerate the drainage of water from the property.

Sec. 72. Minnesota Statutes 1986, section 106A.315, is amended by adding a subdivision to read:

Subd. 7. [BENEFITS FOR PROJECT THAT INCREASES DRAINAGE CAPACITY.] If part of a drainage project increases drainage capacity and the increased capacity is necessary due to increased drainage in the project watershed rather than increased drainage in a specific area, the viewers may assess benefits on property in the project watershed on a pro rata basis.

Sec. 73. Minnesota Statutes 1986, section 106A.315, is amended by adding a subdivision to read:

Subd. 8. [EXTENT OF DAMAGES.] Damages to be paid may include:

(1) the fair market value of the property required for the channel of an open ditch and the permanent grass strip under section 106A.021;

(2) the diminished value of a farm due to severing a field by an open ditch;

(3) loss of crop production during drainage project construction; and

(4) the diminished productivity or land value from increased overflow.

Sec. 74. Minnesota Statutes 1986, section 106A.321, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] The viewers' report must show, in tabular form, for each lot, 40 acre tract, and fraction of a lot or tract under separate ownership that is benefited or damaged:

(1) a description of the lot or tract, under separate ownership, that is benefited or damaged;

(2) the names of the owners as they appear on the current tax records of the county and their addresses;

(3) the number of acres in each tract or lot;

(4) the number and value of acres added to a tract or lot by the proposed drainage of meandered lakes public waters;

(5) the damage, if any, to riparian rights; and

(6) the damages paid for the permanent grass strip under section 106A.021;

(7) the total number and value of acres added to a tract or lot by the proposed drainage of public waters, wetlands, and other areas not currently being cultivated;

(8) the number of acres and amount of benefits being assessed for drainage of areas which before the drainage benefits could be realized would require a permit to work in public waters under section 105.42, to excavate or fill a navigable water body under United States Code, title 33, section 403, or a permit to discharge into waters of the United States under United States Code, title 33, section 1344;

(9) the number of acres and amount of benefits being assessed for drainage of areas that would be considered conversion of a wetland

under United States Code, title 16, section 3821, if the area was placed in agricultural production;

(10) the amount of right-of-way acreage required; and

(11) the amount that each tract or lot will be benefited or damaged.

Sec. 75. Minnesota Statutes 1986, section 106A.321, is amended by adding a subdivision to read:

Subd. 1a. [BENEFITS AND DAMAGES STATEMENT.] (a) The viewers' report must include a benefits and damages statement that shows for each owner how the benefits or damages for similar tracts or lots were determined. For similar tracts or lots the report must describe:

(1) the existing land use, property value, and economic productivity;

(2) the potential land use, property value, and economic productivity after the drainage project is constructed; and

(3) the benefits or damages from the proposed drainage project.

(b) The soil and water conservation districts and county assessors shall cooperate with viewers to provide information required under paragraph (a).

Sec. 76. [106A.323] [PROPERTY OWNERS' REPORT AND FINAL PETITION NOTICE.]

Subdivision 1. [REPORT TO PROPERTY OWNERS.] Within 30 days after the viewers' report is filed, the auditor must make a property owners' report from the information in the viewers' report showing for each property owner benefited or damaged by the proposed drainage project:

(1) the name and address of the property owner;

(2) each lot or tract and its area that is benefited or damaged;

(3) the total number and value of acres added to a tract or lot by the proposed drainage of public waters, wetlands, and other areas not currently being cultivated;

(4) the number of acres and amount of benefits being assessed for drainage of areas which before the drainage benefits could be realized would require a permit to work in public waters under section 105.42, to excavate or fill a navigable water body under

United States Code, title 33, section 403, or a permit to discharge into waters of the United States under United States Code, title 33, section 1344;

(5) the number of acres and amount of benefits being assessed for drainage of areas that would be considered conversion of a wetland under United States Code, title 16, section 3821, if the area was placed in agricultural production;

(6) the damage, if any, to riparian rights;

(7) the amount of right-of-way acreage required;

(8) the amount that each tract or lot will be benefited or damaged;

(9) the net damages or benefits to each property owner;

(10) the estimated cost to be assessed to the property owner based on the cost of the drainage project in the engineer's detailed survey report; and

(11) a copy of the benefits and damages statement under section 106A.321, subdivision 1a, paragraph (a), relating to the property owner.

Subd. 2. [MAILING.] The auditor must mail a copy of the property owners' report to each property owner affected by the proposed drainage project, and may prepare and file an affidavit of mailing.

Sec. 77. Minnesota Statutes 1986, section 106A.325, subdivision 2, is amended to read:

Subd. 2. [NOTICE.] (a) The final hearing notice must state:

(1) that the petition is pending;

(2) that the detailed survey report is filed;

(3) that the viewers' report is filed;

(4) the time and place set for the final hearing;

(5) a brief description of the proposed drainage project and affected drainage system, giving in general terms the starting point, terminus, and general course of the main ditch and branches;

(6) a description of property benefited and damaged, and the names of the owners of the property; and

(7) the municipal and other corporations affected by the proposed drainage system project as shown by the detailed survey report and viewers' report.

(b) Names may be listed in a narrative form and property affected may be separately listed in narrative form by governmental sections or otherwise.

(c) For a joint county proceeding, separate notice may be prepared for each county affected, showing the portion of the proposed drainage system project and the names and descriptions of affected property in the county.

Sec. 78. Minnesota Statutes 1986, section 106A.325, subdivision 3, is amended to read:

Subd. 3. [METHOD OF NOTICE.] The auditor shall notify the drainage authority, auditors of affected counties, and all interested persons of the time and location of the final hearing by publication, posting, and mail. A printed copy of the final hearing notice for each affected county must be posted at least three weeks before the date of the final hearing at the front door of the courthouse in each county. Within one week after the first publication of the notice, the auditor shall give notice by mail of the time and location of the final hearing to the commissioner, all property owners, and others affected by the proposed drainage system project and listed in the detailed survey report and the viewers' report.

Sec. 79. Minnesota Statutes 1986, section 106A.335, subdivision 1, is amended to read:

Subdivision 1. [CONSIDERATION OF PETITION AND REPORTS.] At the time and location for the final hearing specified in the notice, or after the hearing adjourns, the drainage authority shall consider the petition for the drainage system project, with all matters pertaining to the detailed survey report, the viewers' report, and the commissioner's final advisory report. The drainage authority shall hear and consider the testimony presented by all interested parties. The engineer or the engineer's assistant and at least one viewer shall be present. The director may appear and be heard. If the director does not appear personally, the final advisory report shall be read during the hearing. The final hearing may be adjourned and reconvened as is necessary.

Sec. 80. Minnesota Statutes 1986, section 106A.335, subdivision 3, is amended to read:

Subd. 3. [REEXAMINATION.] If the drainage authority determines that property not included in the notice should be included and assessed or that the engineer or viewers, or both, should reexamine the proposed drainage system project or the property

benefited or damaged by the system, the drainage authority may resubmit the reports to the engineer and viewers. If a report is resubmitted the final hearing may be continued as is necessary to make the reexamination and reexamination report. If the reexamination report includes property not included in the original report, the drainage authority may, by order, adjourn the hearing and direct the auditor to serve or publish, post, and mail a final hearing notice with reference to all property not included in the previous notice. The jurisdiction of the drainage authority continues in the property given proper notice, and new or additional notice is not required for that property.

Sec. 81. Minnesota Statutes 1986, section 106A.341, is amended to read:

106A.341 [DRAINAGE AUTHORITY FINAL ORDER.]

Subdivision 1. [DISMISSAL OF PROCEEDINGS.] The drainage authority must dismiss the proceedings and petition, by order, if it determines that:

(1) the benefits of the proposed drainage system project are less than the total cost, including damages awarded;

(2) the proposed drainage system project will not be of public benefit and utility; or

(3) the proposed drainage system project is not practicable after considering the environmental and land use criteria in section 106A.015, subdivision 1.

Subd. 2. [ESTABLISHMENT OF PROPOSED DRAINAGE SYSTEM.] (a) The drainage authority shall establish, by order, a proposed drainage system project if it determines that:

(1) the detailed survey report and viewers' report have been made and other proceedings have been completed under this chapter;

(2) the reports made or amended are complete and correct;

(3) the damages and benefits have been properly determined;

(4) the estimated benefits are greater than the total estimated cost, including damages;

(5) the proposed drainage system project will be of public utility and benefit, and will promote the public health; and

(6) the proposed drainage system project is practicable.

(b) The order must contain the drainage authority's findings, adopt and confirm the viewers' report as made or amended, and establish the proposed drainage system project as reported and amended.

Sec. 82. Minnesota Statutes 1986, section 106A.345, is amended to read:

106A.345 [APPORTIONMENT OF COST FOR JOINT COUNTY DRAINAGE SYSTEMS.]

For joint county proceedings, the auditor where the petition is filed shall file a certified copy of the viewers' report with the auditor of each affected county within 20 days after the date of the final order establishing the system. When the final order to establish the drainage system project is made, the drainage authority shall determine and order the percentage of the cost of the drainage system project to be paid by each affected county. The cost shall be in proportion to the benefits received, unless there is a contrary reason. An auditor of an affected county may petition the drainage authority after the final order is made to determine and order the percentage of costs to be paid by the affected counties. The drainage authority shall hold a hearing five days after giving written notice to the auditor of each affected county. After giving the notice to the auditors of the affected counties, the drainage authority may, at any time that it is necessary, modify an order or make an additional order to allocate the cost among the affected counties.

Sec. 83. Minnesota Statutes 1986, section 106A.351, is amended to read:

106A.351 [REDETERMINATION OF BENEFITS AND DAMAGES.]

Subdivision 1. [CONDITIONS TO REDETERMINE BENEFITS AND DAMAGES; APPOINTMENT OF VIEWERS.] If the drainage authority determines that the original benefits or damages determined in a drainage proceeding do not reflect reasonable present day land values or that the benefited or damaged areas have changed, or if more than 50 percent of the property owners benefited or damaged by a drainage system petition for correction of an error that was made at the time of the proceedings that established the drainage system, the drainage authority may appoint three viewers to redetermine and report the benefits and damages and the benefited and damaged areas.

Subd. 2. [HEARING AND PROCEDURE.] The drainage authority shall hold a hearing on the report and confirm the benefits and benefited areas. (a) The redetermination of benefits and damages shall proceed as provided for viewers and the viewers' report in sections 106A.311 to 106A.321; and for.

(b) The auditor must prepare a property owner's report from the viewer's report. A copy of the property owner's report must be mailed to all persons affected by the drainage system.

(c) The drainage authority shall hold a final hearing on the report and confirm the benefits and damages and benefited and damaged areas. The final hearing shall proceed as provided under sections 106A.325, 106A.335, and 106A.341, except that the hearing shall be held within 30 days after the property owner's report is mailed.

Subd. 3. [REDETERMINED BENEFITS AND DAMAGES REPLACE ORIGINAL BENEFITS AND DAMAGES.] The redetermined benefits and damages and benefited and damaged areas must be used in place of the original benefits and damages and benefited and damaged areas in all subsequent proceedings relating to the drainage system.

Subd. 4. [APPEAL.] A person aggrieved by the redetermination of benefits and damages and benefited and damaged areas may appeal from the order confirming the benefits and damages and benefited and damaged areas under section 106A.091.

Sec. 84. Minnesota Statutes 1986, section 106A.401, subdivision 2, is amended to read:

Subd. 2. [EXPRESS AUTHORITY NECESSARY.] After the construction of a drainage system project, a public or private drainage system that drains property not assessed for benefits for the established drainage system may not be constructed to use the established drainage system as an outlet without obtaining express authority from the drainage authority of the drainage system proposed to be used as the outlet. This section is applicable to the construction of a public or private drainage system that outlets water into an established drainage system regardless of the actual physical connection.

Sec. 85. Minnesota Statutes 1986, section 106A.401, subdivision 6, is amended to read:

Subd. 6. [PAYMENT OF OUTLET FEE.] The outlet fee for a proposed drainage system project is a part of the cost of the proposed drainage system project and is to be paid by assessment against the property benefited by the proposed drainage system project, under section 106A.601, and credited to the established drainage system account.

Sec. 86. Minnesota Statutes 1986, section 106A.401, is amended by adding a subdivision to read:



**Subd. 7. [UNAUTHORIZED OUTLET INTO DRAINAGE SYSTEM.]** (a) The drainage authority must notify a property owner of an unauthorized outlet into a drainage system and direct the property owner to block the outlet or otherwise make the outlet ineffective by a specified time. The outlet must be blocked and remain ineffective until:

(1) an outlet fee is paid, which is determined by the drainage authority based on the benefits received by the property owner for the period the unauthorized outlet was operational; and

(2) the drainage authority approves a petition for the outlet and establishes the outlet fee.

(b) If a property owner does not block or make the outlet ineffective after being notified, the drainage authority must issue an order to have the work performed to bring the outlet into compliance. After the work is completed, the drainage authority must send a statement to the auditor of the county where the property is located and to the property owner containing the expenses incurred to bring the outlet into compliance and the outlet fee based on the benefits received by the property owner during the period the unauthorized outlet was operational.

Sec. 87. Minnesota Statutes 1986, section 106A.401, is amended by adding a subdivision to read:

**Subd. 8. [COLLECTION OF UNAUTHORIZED OUTLET COMPLIANCE EXPENSES.]** (a) The amount of the expenses and outlet fee is a lien in favor of the drainage authority against the property where the unauthorized outlet is located. The auditor must certify the expenses and outlet fee and enter the amount in the same manner as other drainage liens on the tax list for the following year. The amount must be collected in the same manner as real estate taxes for the property. The provisions of law relating to the collection of real estate taxes shall be used to enforce payment of amounts due under this section. The auditor must include a notice of collection of unauthorized outlet compliance expenses with the tax statement.

(b) The amounts collected under this subdivision must be deposited in the drainage system account.

Sec. 88. Minnesota Statutes 1986, section 106A.405, is amended to read:

#### 106A.405 [OUTLETS IN ADJOINING STATES.]

In any drainage proceeding, at the hearing on the detailed survey report and viewers' report, if the drainage authority determines that a proper outlet for the drainage system does not exist, except

through property in an adjoining state, the drainage authority may adjourn the hearing. If the hearing is adjourned the drainage authority shall require the auditor or, for a joint county drainage system, the auditors of affected counties to procure an option to acquire the needed right-of-way at an expense not exceeding the estimated cost specified in the detailed survey report. The order establishing the drainage system project may not be made until the option is procured. If the option is procured and the drainage system project established, the option shall be exercised and the cost of the right-of-way shall be paid as a part of the cost of the drainage system project.

Sec. 89. Minnesota Statutes 1986, section 106A.411, subdivision 3, is amended to read:

Subd. 3. [FILING; NOTICE.] (a) If proceedings to establish the drainage system project to be used as an outlet are pending, the petition must be filed with the auditor. The municipal drainage system petition must be presented to the drainage authority at the final hearing to consider the detailed survey report and viewers' report. Notice of the municipal drainage system petition must be included in the final hearing notice.

(b) If the drainage system to be used as an outlet is established, the municipal drainage system petition must be filed with the auditor. When the petition is filed, the drainage authority in consultation with the auditor shall, by order, set a time and place for hearing on the petition. Notice of the hearing must be given by publication and by mailed notice to the auditor of each affected county.

Sec. 90. Minnesota Statutes 1986, section 106A.411, subdivision 4, is amended to read:

Subd. 4. [HEARING AND ORDER.] (a) At the hearing the drainage authority may receive all evidence of interested parties for or against the granting of the petition. The drainage authority, by order, may authorize the municipality to use the drainage system as an outlet, subject to the conditions that are necessary and proper to protect the rights of the parties and safeguard the interests of the general public, if the drainage authority determines:

(1) that a necessity exists for the use of the drainage-system as an outlet for the municipal drainage system or the overflow from the system;

(2) that use of the drainage system will be of public utility and promote the public health; and

(3) that the proposed connection conforms to the requirements of the pollution control agency and provides for the construction and use of proper disposal works.

(b) The drainage authority must, by order, make the municipality a party to the drainage proceedings and determine the benefits from using the drainage project or system as an outlet.

Sec. 91. Minnesota Statutes 1986, section 106A.501, subdivision 4, is amended to read:

Subd. 4. [CONTRACT PROVISIONS FOR CHANGES DURING CONSTRUCTION.] The contract must give the engineer the right, with the consent of the drainage authority, to modify the detailed survey report, plans, and specifications as the work proceeds and as circumstances require. The contract must provide that the increased cost resulting from the changes will be paid by the drainage authority to the contractor at a rate not greater than the amount for similar work in the contract. A change may not be made that will substantially impair the usefulness of any part of the drainage project or system, substantially alter its original character, or increase its total cost by more than ten percent of the total original contract price. A change may not be made that will cause the cost to exceed the total estimated benefits found by the drainage authority, or that will cause any detrimental effects to the public interest under section 106A.015, subdivision 1.

Sec. 92. Minnesota Statutes 1986, section 106A.501, subdivision 6, is amended to read:

Subd. 6. [GUARANTY OF TILE WORK.] If tile is used to construct any part of the drainage system project, a majority of the persons affected may file a written request with the auditor to contract the tile work separately. The request must be filed before advertising for the sale of the work has begun. If the request is properly made, the tile work must be contracted separately. The contractor must guarantee the tile work under the contract for three years after its completion against any fault or negligence on the part of the contractor. The advertisement for bids must include this requirement.

Sec. 93. Minnesota Statutes 1986, section 106A.501, subdivision 7, is amended to read:

Subd. 7. [MODIFICATION OF CONTRACT BY AGREEMENT.] This chapter does not prevent the persons with property affected by the construction of a drainage system project from uniting in a written agreement with the contractor and the surety of the contractor's bond to modify the contract as to the manner or time when any portion of the drainage system project is constructed, if

the modification is recommended, in writing, by the engineer and approved by the drainage authority.

Sec. 94. Minnesota Statutes 1986, section 106A.505, subdivision 1, is amended to read:

Subdivision 1. [AUDITORS AND DRAINAGE AUTHORITY TO PROCEED.] Thirty days after the order establishing a drainage system project is filed, the auditor and the drainage authority or, for a joint county drainage system project, a majority of the auditors of the affected counties shall proceed to award the contract to construct the drainage system project.

Sec. 95. Minnesota Statutes 1986, section 106A.505, subdivision 2, is amended to read:

Subd. 2. [PENDING APPEAL OF BENEFITS AND DAMAGES.] If an appeal regarding the determination of benefits and damages is made within 30 days after the order establishing the drainage system project has been filed, a contract may not be awarded until the appeal has been determined, unless the drainage authority orders the contract awarded. The auditor of an affected county or an interested person may request the drainage authority to make the order. If the request is not made by an affected auditor, the auditors of affected counties must be given notice five days before the hearing on the request.

Sec. 96. Minnesota Statutes 1986, section 106A.505, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF CONTRACT AWARDING.] The auditor of an affected county shall give notice of the awarding of the contract by publication in a newspaper in the county. The notice must state the time and location for awarding the contract. For a joint county drainage system project the auditors shall award the contract at the office of the auditor where the proceedings are pending. If the estimated cost of construction is more than \$3,000, the auditor must also place a notice in a drainage construction trade paper. The trade paper notice must state:

- (1) the time and location for awarding the contract;
- (2) the approximate amount of work and its estimated cost;
- (3) that bids may be for the work as one job, or in sections, or separately, for bridges, ditches and open work, tile, or tile construction work, if required or advisable;
- (4) that each bid must be accompanied by a certified check or a bond furnished by an approved surety corporation payable to the

auditors of affected counties for ten percent of the bid, as security that the bidder will enter into a contract and give a bond as required by section 106A.501; and

(5) that the drainage authority reserves the right to reject any and all bids.

Sec. 97. Minnesota Statutes 1986, section 106A.505, subdivision 7, is amended to read:

Subd. 7. [AFFECTED COUNTIES CONTRACT THROUGH AUDITOR.] The chair of the drainage authority and the auditor of each affected county shall contract, in the names of their respective counties, to construct the drainage system project in the time and manner and according to the plans and specifications and the contract provisions in this chapter.

Sec. 98. Minnesota Statutes 1986, section 106A.505, subdivision 8, is amended to read:

Subd. 8. [WORK DONE BY FEDERAL GOVERNMENT.] If any of the drainage work is to be done by the United States or its agencies, a notice of awarding that contract does not need to be published and a contract for that construction is not necessary. Affected municipalities may contract or arrange with the United States or its agencies for cooperation or assistance in constructing, maintaining, and operating the drainage project and system, for control of waters in the district, or for making a survey and investigation or reports on the drainage project or system. The municipalities may provide required guaranty and protection to the United States or its agencies.

Sec. 99. Minnesota Statutes 1986, section 106A.511, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS TO USE PROCEDURE IN THIS SECTION.] The procedure in this section may be used if, after a drainage system is established:

(1) the only bids received are for more than 30 percent in excess of the engineer's estimated cost, or in excess of the benefits, less damages and other costs; or

(2) a contract is awarded, but due to unavoidable delays not caused by the contractor, the contract cannot be completed for an amount equal to or less than the benefits, less damages and other costs.

Sec. 100. Minnesota Statutes 1986, section 106A.511, subdivision 2, is amended to read:

Subd. 2. [PETITION AFTER COST ESTIMATE ERROR OR CHANGE TO LOWER COST.] A person interested in the drainage system project may petition the drainage authority if the person determines that the engineer made an error in the estimate of the drainage system project cost or that the plans and specifications could be changed in a manner materially affecting the cost of the drainage system without interfering with the efficiency. The petition must state the person's determinations and request that the detailed survey report and viewers' report be referred back to the engineer and to the viewers for additional consideration.

Sec. 101. Minnesota Statutes 1986, section 106A.511, subdivision 3, is amended to read:

Subd. 3. [PETITION AFTER EXCESSIVE COST DUE TO INFLATION.] (a) A person interested in the drainage system project may petition the drainage authority for an order to reconsider the detailed survey report and viewers' report if the person determines:

(1) that bids were received only for a price more than 30 percent in excess of the detailed survey report estimate because inflation increased the construction cost between the time of the detailed survey cost estimate and the time of awarding the contract; or

(2) that after the contract was awarded there was unavoidable delay not caused by the contractor, and between the time of awarding the contract and completion of construction inflation increased construction costs resulting in the contract not being completed for an amount equal to or less than the assessed benefits.

(b) The person may request in the petition that the drainage authority reconsider the original cost estimate in the detailed survey report and viewers' report and adjust the cost estimate consistent with the increased construction cost.

Sec. 102. Minnesota Statutes 1986, section 106A.511, subdivision 5, is amended to read:

Subd. 5. [HEARING ON COST PETITION.] (a) At the hearing the drainage authority shall consider the petition and hear all interested parties.

(b) The drainage authority may, by order, authorize the engineer to amend the detailed survey report, if the drainage authority determines that:

(1) the detailed survey report cost estimate was erroneous and should be corrected;

(2) the plans and specifications could be changed in a manner materially affecting the cost of the drainage system project without interfering with the efficiency; and

(3) with the correction or modification a contract could be awarded within the 30 percent limitation and equal to or less than benefits.

(c) If the drainage authority determines that the amended changes affect the amount of benefits or damages to any property or that the benefits should be reexamined because of inflated land values or inflated construction costs, it shall refer the viewers' report to the viewers to reexamine the benefits and damages.

(d) The drainage authority may, by order, direct the engineer and viewers to amend their detailed survey report and viewers' report to consider the inflationary cost increases if the drainage authority determines that:

(1) bids were not received; or

(2) because of inflationary construction cost increases, construction under the awarded contract cannot be completed for 30 percent or less over the detailed survey cost estimate or in excess of the benefits, less damages and other costs.

(e) The drainage authority may continue the hearing to give the engineer or viewers additional time to amend the reports. The jurisdiction of the drainage authority continues at the adjourned hearing.

(f) The drainage authority has full authority to consider the amended reports and make findings and orders. A party may appeal to the district court under section 106A.091, subdivision 1.

Sec. 103. Minnesota Statutes 1986, section 106A.515, is amended to read:

#### 106A.515 [DAMAGES, PAYMENT.]

The board of each county where the damaged property is located must order the awarded damages to be paid, less any assessment against the property, before the property is entered for construction of the drainage system project. If a county or a municipality that is awarded damages requests it, the assessment may not be deducted. If there is an appeal, the damages may not be paid until the final determination. If it is not clear who is entitled to the damages, the board may pay the damages to the court administrator of the district court of the county. The court shall direct the court administrator, by order, to pay the parties entitled to the damages.

Sec. 104. Minnesota Statutes 1986, section 106A.525, subdivision 2, is amended to read:

Subd. 2. [ROAD AUTHORITY RESPONSIBLE FOR CONSTRUCTION.] Bridges and culverts on public roads required by the construction or improvement of a drainage project or system must be constructed and maintained by the road authority responsible for keeping the road in repair, except as provided in this section.

Sec. 105. Minnesota Statutes 1986, section 106A.525, subdivision 3, is amended to read:

Subd. 3. [NOTICE; CHANGING COST.] The auditor shall notify the state and each railroad company, corporation, or political subdivision that they are to construct a required bridge or culvert on a road or right-of-way under its jurisdiction, within a reasonable time in the notice. If the work is not done within the prescribed time, the drainage authority may order the bridge or culvert constructed as part of the drainage system project construction. The cost must be deducted from the damages awarded to the corporation or collected from it as an assessment for benefits. If the detailed survey report or viewers' report shows that the construction of the bridge or culvert is necessary, the drainage authority may, by order, retain an amount to secure the construction of the bridge or culvert from amounts to be paid to a railroad, corporation, or political subdivision.

Sec. 106. Minnesota Statutes 1986, section 106A.525, subdivision 4, is amended to read:

Subd. 4. [CONSTRUCTION ON LINE BETWEEN TWO CITIES PAID EQUALLY.] The costs of constructing a bridge or culvert that is required by construction of a drainage system project on a public road that is not a state trunk highway on the line between two statutory or home rule charter cities, whether in the same county or not, must be paid jointly, in equal shares, by the cities. The cities shall pay jointly, in equal shares, for the cost of maintaining the bridge or culvert.

Sec. 107. Minnesota Statutes 1986, section 106A.541, is amended to read:

106A.541 [EXTENSION OF TIME ON CONTRACTS.]

The auditors of affected counties may extend the time for the performance of a contract as provided in this section. The contractor may apply, in writing, for an extension of the contract. Notice of the application must be given to: (1) the engineer and the attorney for the petitioners; and (2) for a joint county drainage system project, to the auditors of the affected counties. The auditors may grant an extension if sufficient reasons are shown. The extension does not affect a claim for liquidated damages that may arise after the



original time expires and before an extension or a claim that may arise after the time for the extension expires.

Sec. 108. Minnesota Statutes 1986, section 106A.555, subdivision 2, is amended to read:

Subd. 2. [HEARING.] At the hearing the drainage authority may, by order, direct payment of the balance due if it determines that the contract has been completed in accordance with the plans and specifications. If good cause is shown, the drainage authority may waive any part of the liquidated damages accruing under the contract. When the order is filed, the auditor shall draw a warrant on the treasurer of the county for the balance due on the contract. For a joint county drainage project or system the auditor shall make an order to the auditors of the affected counties to pay for their proportionate shares of the balance due on the contract. After receiving the order, the auditor of each affected county shall draw a warrant on the treasurer of the county for the amount specified in the order.

Sec. 109. Minnesota Statutes 1986, section 106A.601, is amended to read:

#### 106A.601 [DRAINAGE LIEN STATEMENT.]

Subdivision 1. [DETERMINATION OF PROPERTY LIABILITY.] When the contract for the construction of a drainage system project is awarded, the auditor of an affected county shall make a statement showing the total cost of the drainage system project with the estimated cost of all items required to complete the work. The cost must be prorated to each tract of property affected in direct proportion to the benefits. The cost, less any damages, is the amount of liability for each tract for the drainage system project. The property liability must be shown in the tabular statement under subdivision 2, opposite the property owner's name and description of each tract of property. The amount of liability on a tract of property for establishment and construction of a drainage system project may not exceed the benefits determined in the proceedings that accrue to the tract.

Subd. 2. [DRAINAGE LIEN STATEMENT.] The auditor of each affected county shall make a lien statement in tabular form showing:

(1) the names of the property owners, corporate entities, or political subdivisions of the county benefited or damaged by the construction of the drainage system project in the viewers' report as approved by the final order for establishment;

(2) the description of the property in the viewers' report, and the total number of acres in each tract according to the county tax lists;

(3) the number of acres benefited or damaged in each tract shown in the viewers' report;

(4) the amount of benefits and damages to each tract of property as stated in the viewers' report and confirmed by the final order that established the drainage system project unless the order is appealed and a different amount is set; and

(5) the amount each tract of property will be liable for and must pay into to the county treasury for the establishment and construction of the drainage system project.

Subd. 3. [SUPPLEMENTAL DRAINAGE LIEN STATEMENT.] If any items of the cost of the drainage system project have been omitted from the original drainage lien statement, a supplemental drainage lien statement with the omitted items must be made and recorded in the same manner provided for a drainage lien statement. The total amount of the original drainage lien and any supplemental drainage liens may not exceed the benefits.

Subd. 4. [RECORDING DRAINAGE LIEN STATEMENT.] The lien against property in the drainage lien statement and supplemental drainage lien statements must be certified by the auditor and recorded on each tract by the county recorder of the county where the tract is located. The county recorder's fees for recording must be paid on allowance if allowed by the board. The drainage lien statement and any supplemental drainage lien statements, after recording, must be returned and preserved by the auditor.

Sec. 110. Minnesota Statutes 1986, section 106A.605, is amended to read:

106A.605 [EFFECT OF FILED DRAINAGE LIEN.]

The amount recorded on from the drainage lien statement and supplemental drainage lien statement that each tract of property will be liable for, and the interest allowed on that amount, is a drainage lien on the property. The drainage lien is a first and paramount lien until fully paid, and has priority over all mortgages, charges, encumbrances, and other liens, unless the board subordinates the drainage lien to easements liens of record. The recording of the drainage lien, drainage lien statement, or a supplemental drainage lien statement is notice to all parties of the existence of the drainage lien.

Sec. 111. Minnesota Statutes 1986, section 106A.611, subdivision 2, is amended to read:

Subd. 2. [INTEREST.] (a) Interest is an additional drainage lien on all property until paid. The interest rate on the drainage lien

principal from the date the drainage lien statement is recorded must be set by the board, but may not exceed seven percent per year from the date the drainage lien statement is recorded the rate determined by the state court administrator for judgments under section 549.09.

(b) Before the tax lists for the year are given to the county treasurer, the auditor shall compute the interest on the unpaid balance of the drainage lien at the rate set by the board. The amount of interest must be computed on the entire unpaid principal from the date the drainage lien was recorded to August 15 of the next calendar year, and afterwards from August 15 to August 15 of each year.

(c) Interest is due and payable after November 1 of each year the drainage lien principal or interest is due and unpaid.

Sec. 112. Minnesota Statutes 1986, section 106A.611, subdivision 3, is amended to read:

Subd. 3. [COLLECTION OF PAYMENTS.] Interest and any installment due must be entered on the tax lists for the year. The installment and interest must be collected in the same manner as real estate taxes for that year by collecting one-half of the total of the installment and interest with and as a part of the real estate taxes ~~on or before May 15 and one-half on or before October 15 of the next year.~~

Sec. 113. Minnesota Statutes 1986, section 106A.611, subdivision 6, is amended to read:

Subd. 6. [DRAINAGE LIEN RECORD.] The auditor shall keep a drainage lien record for each drainage project and system showing the amount of the drainage lien remaining unpaid against each tract of property.

Sec. 114. Minnesota Statutes 1986, section 106A.611, subdivision 7, is amended to read:

Subd. 7. [COLLECTION AND ENFORCEMENT OF DRAINAGE LIENS.] The provisions of law that exist relating to the collection of real estate taxes are adopted to enforce payment of drainage liens. If there is a default, a penalty may not be added to an installment of principal and interest, but each defaulted payment, principal, and interest draws interest from the date of default until paid at seven percent per year the rate determined by the state court administrator for judgments under section 549.09.

Sec. 115. Minnesota Statutes 1986, section 106A.615, subdivision 4, is amended to read:

Subd. 4. [ASSESSMENT FOR VACATED TOWN ROADS.] If a town is assessed for benefits to a town road in a drainage ~~system~~ project proceeding under this chapter and the town road is later vacated by the town board under section 164.07, the town board may petition the drainage authority to cancel the assessment. The drainage authority may cancel the assessment if it finds that the town road for which benefits are assessed has been vacated under section 164.07.

Sec. 116. Minnesota Statutes 1986, section 106A.615, subdivision 7, is amended to read:

Subd. 7. [RAILROAD AND UTILITY PROPERTY.] Property owned by a railroad or other utility corporation benefited by a drainage ~~system~~ project is liable for the assessments of benefits on the property as other taxable property. From the date the drainage lien is recorded, the amount of the assessment with interest is a lien against all property of the corporation within the county. Upon default the assessment may be collected by civil action or the drainage lien may be foreclosed by action in the same manner as provided by law for the foreclosure of mortgage liens. The county where the drainage lien is filed has the right of action against the corporation to enforce and collect the assessment.

Sec. 117. Minnesota Statutes 1986, section 106A.635, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] After the contract for the construction of a drainage ~~system~~ project is awarded, the board of an affected county may issue the bonds of the county in an amount necessary to pay the cost of establishing and constructing the drainage ~~system~~ project.

Sec. 118. Minnesota Statutes 1986, section 106A.635, subdivision 10, is amended to read:

Subd. 10. [BOND RECITAL.] Each drainage bond, temporary drainage bond, and definitive drainage bond must contain a recital that it is issued by authority of and in strict accordance with this chapter. The recital is conclusive in favor of the holders of the bonds as against the county, that the drainage ~~system~~ project has been properly established, that property within the county is subject to assessment for benefits in an amount not less than the amount of the bonds, and that all proceedings and construction relative to the drainage systems financed by the bonds have been or will be made according to law.

Sec. 119. Minnesota Statutes 1986, section 106A.645, subdivision 7, is amended to read:

Subd. 7. [PAYMENT.] The fees and expenses provided for in this chapter for a drainage project or system in one county must be audited, allowed, and paid by order of the board or for a drainage project or system in more than one county must be audited, allowed, and paid by order of the drainage authority after ten days' written notice to each affected county. The notice must be given by the auditor to the auditors of affected counties. The notice must state the time and location of the hearing and that all bills on file with the auditor at the date of the notice must be presented for hearing and allowance.

Sec. 120. Minnesota Statutes 1986, section 106A.651, subdivision 1, is amended to read:

Subdivision 1. [FUNDS FOR DRAINAGE SYSTEM COSTS.] The board shall provide funds to pay the costs of drainage projects and systems.

Sec. 121. Minnesota Statutes 1986, section 106A.655, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT MADE FROM DRAINAGE SYSTEM ACCOUNT.] The costs for a drainage system project proceeding and construction must be paid from the drainage system account by drawing on the account.

Sec. 122. Minnesota Statutes 1986, section 106A.701, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] The term "repair," as used in this section, means to restore all or a part of a drainage system as nearly as practicable to the same condition as when originally constructed or and subsequently improved, including resloping of ditches and leveling of waste banks if necessary to prevent further deterioration, realignment to original construction if necessary to restore the effectiveness of the drainage system, and routine operations that may be required to remove obstructions and maintain the efficiency of the drainage system.

Sec. 123. Minnesota Statutes 1986, section 106A.701, is amended by adding a subdivision to read:

Subd. 1a. [REPAIRS AFFECTING PUBLIC WATERS.] Before a repair is ordered, the drainage authority must notify the commissioner of a repair that may affect public waters. If the commissioner disagrees with the repair depth, the engineer, a representative appointed by the director, and a soil and water conservation district technician must jointly determine the repair depth using soil borings, field surveys, and other available data or appropriate methods. Costs for developing the recommended depth beyond the initial meeting must be shared equally by the drainage system and

the commissioner. The determined repair depth must be recommended to the drainage authority. The drainage authority may accept the joint recommendation and proceed with the repair.

Sec. 124. Minnesota Statutes 1986, section 106A.705, is amended to read:

Subdivision 1. [INSPECTION.] After the construction of a drainage system has been completed, the drainage authority shall maintain the drainage system that is located in its jurisdiction including grass strips under section 106A.021 and provide the repairs necessary to make the drainage system efficient. The drainage authority shall have the drainage system inspected annually on a regular basis by an inspection committee of the drainage authority or a drainage inspector appointed by the drainage authority.

Subd. 1a. [GRASS STRIP INSPECTION AND COMPLIANCE NOTICE.] (a) The drainage authority having jurisdiction over a drainage system must inspect the drainage system for violations of section 106A.021. If an inspection committee of the drainage authority or a drainage inspector determines that strips are not being maintained in compliance with section 106A.021, a compliance notice must be sent to the property owner.

(b) The notice must state:

(1) the date the ditch was inspected;

(2) the persons making the inspection;

(3) that spoil banks are to be spread in a manner consistent with the plan and function of the drainage system and the drainage system has acquired a grass strip 16½ feet in width or to the crown of the spoil bank, whichever is greater;

(4) the violations of section 106A.021;

(5) the measures that must be taken by the property owner to comply with section 106A.021 and the date when the property must be in compliance; and

(6) that if the property owner does not comply by the date specified, the drainage authority will perform the work necessary to bring the area into compliance with section 106A.021 and charge the cost of the work to the property owner.

(c) If a property owner does not bring an area into compliance with section 106A.021 as provided in the compliance notice, the inspection committee or drainage inspector must notify the drainage authority.

(d) This subdivision applies to property acquired under section 106A.021.

Subd. 2. [DRAINAGE INSPECTOR REPORT.] For each drainage system that the board designates and requires the drainage inspector to examine, the drainage inspector shall make a drainage inspection report in writing to the board after examining a drainage system, designating portions that need repair or maintenance of grass strips and the location and nature of the repair or maintenance. The board shall consider the drainage inspection report at its next meeting and may repair all or any part of the drainage system as provided under this chapter. The grass strips must be maintained in compliance with section 106A.021.

Subd. 3. [INSPECTION REPORT TO DRAINAGE AUTHORITY.] If the inspection committee or drainage inspector reports, in writing, to the drainage authority that maintenance of grass strips or repairs are necessary on a drainage system and the report is approved by the drainage authority, the maintenance or repairs must be made under this section.

Subd. 4. [REPAIRS LESS THAN ~~\$20,000~~ \$50,000.] If the drainage authority finds that the estimated cost of repairs and maintenance of one drainage system for one year will be less than ~~\$20,000~~ the greater of \$50,000 or \$1,000 per mile of open ditch in the ditch system, it may have the repair work done by hired labor and equipment without advertising for bids or entering into a contract for the repair work.

Subd. 5. [ANNUAL REPAIR ASSESSMENT LEVY LIMITS.] The drainage authority may give notice of and hold a hearing on the repair levy before ordering the levy of an assessment for repairs. In one calendar year the drainage authority may not levy an assessment for repairs or maintenance on one drainage system for more than 20 percent of the benefits of the drainage system, \$1,000 per mile of open ditch in the ditch system, or ~~\$20,000~~ \$50,000, whichever is greater, except for a repair made after a disaster under subdivision 6 or under the petition procedure.

Subd. 6. [REPAIR AND CONSTRUCTION AFTER DISASTER.] The drainage authority may repair and reconstruct the drainage system without advertising for bids and without regard to the ~~\$20,000~~ \$1,000 per mile of open ditch or \$50,000 limitation if:

(1) a drainage system is destroyed or impaired by floods, natural disaster, or unforeseen circumstances;

(2) the area where the drainage system is located has been declared a disaster area by the President of the United States and federal funds are available for repair or reconstruction; and

(3) the public interests would be damaged by repair or reconstruction being delayed.

Sec. 125. Minnesota Statutes 1986, section 106A.715, subdivision 6, is amended to read:

Subd. 6. [REPAIR BY RESLOPING DITCHES, LEVELING WASTE BANKS, INSTALLING EROSION CONTROL, AND REMOVING TREES.] (a) For a drainage system that is to be repaired by resloping ditches, leveling waste banks, installing erosion control measures, or removing trees, before ordering the repair, the drainage authority must appoint viewers to assess and report on damages and benefits if it determines that:

(1) that the resloping, leveling, and installing erosion control measures, or tree removal will require the taking of any property not contemplated and included in the original proceeding for the establishment of the drainage system; and

(2) that any waste bank leveling will directly benefit property where the bank leveling is specified; and

(3) the installation of erosion control measures will aid the long-term efficiency of the drainage system.

(b) The viewers shall assess and report damages and benefits as provided by sections 106A.315 and 106A.321 and. The drainage authority shall hear and determine the damages and benefits as provided in sections 106A.325, 106A.335, and 106A.341. The hearing shall be held within 30 days after the property owners' report is mailed. Damages must be paid as provided by section 106A.315 as a part of the cost of the repair, and benefits must be added to the benefits previously determined as the basis for the pro rata assessment for the repair of the drainage system for the repair proceeding only.

Sec. 126. [106A.728] [APPORTIONMENT OF REPAIR COSTS.]

Subdivision 1. [GENERALLY.] The cost of repairing a drainage system shall be apportioned pro rata on all property and entities that have been assessed benefits for the drainage system except as provided in this section.

Subd. 2. [ADDITIONAL ASSESSMENT FOR AGRICULTURAL PRACTICES ON GRASS STRIP.] (a) The drainage authority may, after notice and hearing, charge an additional assessment on property that has agricultural practices on or otherwise violates provisions related to the permanent grass strip acquired under section 106A.021.



(b) The drainage authority may determine the cost of the repair per mile of open ditch on the ditch system. Property that is in violation of the grass requirement shall be assessed a cost of 20 percent of the repair cost per open ditch mile multiplied by the length of open ditch in miles on the property in violation.

(c) After the amount of the additional assessment is determined and applied to the repair cost, the balance of the repair cost may be apportioned pro rata as provided in subdivision 1.

Subd. 3. [SOIL LOSS VIOLATIONS.] The drainage authority after notice and hearing may make special assessments on property that is in violation of a county soil loss ordinance.

Sec. 127. Minnesota Statutes 1986, section 106A.731, subdivision 1, is amended to read:

Subdivision 1. [APPORTIONMENT REPAIR COST OF ASSESSMENTS.] If there is not enough money in the drainage system account to make a repair, the board shall ~~apportion and~~ assess the costs of the repairs ~~pro rata~~ on all property and entities that have been assessed benefits for the drainage system.

Sec. 128. Minnesota Statutes 1986, section 106A.741, subdivision 5, is amended to read:

Subd. 5. [PROPERTY BENEFITED IN HEARING ORDER INCLUDED IN FUTURE PROCEEDINGS.] For the repair of the drainage system under this section that included the property that was not assessed and in all future proceedings relating to repairing, cleaning, improving, or altering the drainage system, the property benefited in the viewers' report hearing is part of the property benefited by the drainage system and must be assessed, in the same manner provided for the assessment of the property originally assessed for and included in the drainage system.

Sec. 129. Minnesota Statutes 1986, section 106A.811, subdivision 2, is amended to read:

Subd. 2. [PETITIONERS.] A petition must be signed by at least 51 percent of the ~~resident~~ property owners assessed for the construction of the drainage system or by the owners of not less than 51 percent of the area of the property assessed for the drainage system. For the purpose of the petition, the county is the resident owner of all tax-forfeited property held by the state and assessed benefits for the drainage system, and the board may execute the petition for the county as a ~~resident~~ an owner.

Sec. 130. Minnesota Statutes 1986, section 106A.811, subdivision 4, is amended to read:

Subd. 4. [FILING PETITION; JURISDICTION.] If all property assessed for benefits in the drainage system is in one county, the petition must be filed with the auditor unless the petition is signed by the board, in which case the petition must be made to the district court of the county and filed with the court administrator of court. If property assessed for benefits is in two or more counties, the petition must be filed with the auditor. When the petition is filed, the drainage authority in consultation with the auditor, or the court administrator with the approval of the court, shall set a time and location for a hearing on the petition. The auditor or court administrator shall give notice by publication of the time and location of the abandonment hearing to all persons interested. The drainage authority or the district court where the petition is properly filed has jurisdiction of the petition.

Sec. 131. Minnesota Statutes 1986, section 106A.811, subdivision 5, is amended to read:

Subd. 5. [ABANDONMENT HEARING.] (a) At the hearing, the drainage authority or court shall examine the petition and determine whether it is sufficient and shall hear all interested parties.

(b) If a property owner assessed benefits for the drainage system appears and makes a written objection to the abandonment of the drainage system, the drainage authority or court shall appoint three disinterested persons as viewers to examine the property and report to the drainage authority or court. The hearing must be adjourned to make the examination and report and a date set to reconvene. The viewers, if appointed, shall proceed to examine the property of the objecting owner and report as soon as possible to the drainage authority or court with the description and situation of the property and whether the drainage system drains or otherwise affects the property.

(c) ~~At~~ When the ~~adjourned~~ hearing is reconvened, the drainage authority or court shall consider the viewers' report and all evidence offered, and:

(1) if the drainage authority determines that the drainage system serves any useful purpose to any property or the general public, the petition for abandonment must be denied; or

(2) if the drainage authority determines that the drainage system does not serve any useful purpose to any affected property and is not of public benefit and utility, the drainage authority or court shall make findings and shall, by order, abandon the drainage system.

Sec. 132. Minnesota Statutes 1986, section 112.431, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For the purpose of this section the terms defined in this subdivision have the meanings ascribed to them.

(b) "Drainage system" means a ditch as defined by has the meaning given in section 106A.005, subdivision 11.

(c) "Watershed district" means any watershed district established pursuant to the provisions of this chapter, wholly or partially in a metropolitan county.

(d) "Metropolitan county" means any one of the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington.

(e) "Metropolitan area" means the combined area of the metropolitan counties.

Sec. 133. Minnesota Statutes 1986, section 112.48, subdivision 1, is amended to read:

Subdivision 1. After the overall plan of the district has been prescribed by the board, as provided in section 112.46, a petition may be filed with the managers for any project within the district conforming in general with the plan. The petition must be signed:

(1) by not less than 25 percent of the ~~resident freeholders~~ property owners, or by the owners of more than 25 percent of the land within the limits of the area proposed to be improved, unless the project consists of the establishment of a new drainage system as defined in ~~sections 106A.005 to 106A.811~~ under chapter 106A or the improvement of an existing drainage system;

(2) by a majority of the ~~resident~~ owners of the land over which the proposed project passes or is located, or by the owners of at least 60 percent of the area of the land, if the project consists of the establishment of a new drainage system as defined in ~~sections 106A.005 to 106A.811~~ under chapter 106A;

(3) by not less than 26 percent of the ~~resident~~ owners of the property affected by the proposed project or over which the proposed project passes or by the owners of not less than 26 percent of the area affected or over which the proposed project passes if the project consists of the improvement of an existing drainage system as defined in ~~sections 106A.005 to 106A.811~~ under chapter 106A;

(4) by a county board of any county affected; or

(5) by the governing body of any city lying wholly or partly within the area proposed to be improved; provided that if the proposed

project affects lands exclusively within a city, the petition shall originate from the governing body of the city.

For the purpose of this subdivision, holders of easements for electric or telephone transmission or distribution lines are not considered freeholders or owners.

The petition shall contain the following:

(a) a description of the proposed project, and the purpose to be accomplished;

(b) a description of the lands over which the proposed project passes or is located;

(c) a general description of the part of the district which will be affected, if less than the entire district;

(d) the need and necessity for the proposed improvement;

(e) that the proposed project will be conducive to public health, convenience, and welfare;

(f) a statement that the petitioners will pay all costs and expenses which may be incurred in case the proceedings are dismissed or for any reason no construction contract is let for the project.

Sec. 134. Minnesota Statutes 1986, section 112.59, is amended to read:

112.59 [CONTROL OF CONTRACTS.]

In all cases where contracts are let by the managers, they shall have full control of all matters pertaining thereto. If a contractor fails to complete the improvement within the time or in the manner specified in the contract, the managers may extend the time for completion or may refuse an extension of time or may cancel the contract and readvertise and relet the contract. They may require the surety for the contractor to complete the improvement or proceed to have the contract otherwise completed at the expense of the contractor and the surety. They may take such other action with reference thereto that the occasion may require in the interest of the district. The provisions of sections 106A.005 to 106A.811 chapter 106A, so far as pertinent, apply to and govern the relations between the engineer and the contractor, including the examination and report of the engineer and the amount and time of payment. The managers shall keep an accurate account of all expenses incurred, which shall include the compensation of the engineer and the assistants, the compensation and expenses of the appraisers as provided in section 112.50, the compensation of petitioners' attorney,

the cost of petitioners' bond, the fees of all county officials necessitated by the improvement which shall be in addition to all fees otherwise allowed by law, and the time and expenses of all employees of the district, including the expenses of the managers while engaged in any improvement. The fees and expenses provided for herein shall be audited, allowed and paid upon the order of the managers and shall be charged to and be treated as a part of the cost of the improvement.

Sec. 135. Minnesota Statutes 1986, section 112.60, subdivision 1, is amended to read:

Subdivision 1. Upon the filing by the managers with the auditor of any county of a statement listing the property and corporations benefited or damaged or otherwise affected by any improvement as found by the appraisers and approved by the managers, the auditor shall assess the amount specified in such list against the lands and municipalities or other corporations as therein specified in accordance with the pertinent provisions of ~~sections 106A.005 to 106A.811~~ chapter 106A.

Sec. 136. Minnesota Statutes 1986, section 112.65, subdivision 1, is amended to read:

Subdivision 1. The managers of a district shall take over when directed by the ~~district court or county board or joint county drainage authority~~ any ~~judicial or county or joint county drainage~~ system within the district, together with the right to repair and maintain the same. Such transfer may be initiated by the ~~district court joint county drainage authority~~ or county board, or such transfer may be initiated by a petition from any person having an interest in the drainage system or by the managers. No such transfer shall be made until the ~~district court joint county drainage authority~~ or county board has held a hearing thereon. Due notice of the proposed transfer together with the time and place of hearing shall be given by two weeks published notice in a legal newspaper of general circulation in the area involved. All interested persons may appear and be heard. Following the hearing, the ~~district court joint county drainage authority~~ or county board shall make its order directing that the managers of a district take over the affected ~~judicial joint county or county drainage~~ system, unless it appears that the ~~take over takeover~~ would not be in the public welfare or public interest and would not serve the purpose of this chapter. When the transfer is directed all proceedings for repair and maintenance shall thereafter conform to the provisions of ~~sections 106A.005 to 106A.811~~ chapter 106A.

Sec. 137. [FEDERAL 404 PERMITTING AUTHORITY REPORT.]

The commissioner of natural resources shall, in cooperation with the Minnesota department of agriculture, the Minnesota pollution

control agency, Minnesota association of watershed district managers, and the association of Minnesota counties, prepare a report relating to state assumption of the federal permitting program under United States Code, title 33, section 1344. The report must include:

(1) analyses of what types of activities and resources would be involved;

(2) environmental protection agency and United States Army Corps of Engineers' conditions for state permitting;

(3) analyses of the costs for state administration and alternative funding strategies;

(4) recommendations on the appropriate roles for state agencies and local government in administration of the program; and

(5) the necessary changes in current legislation to facilitate administration of the program.

The commissioner of natural resources must submit the report to the legislature and governor by October 1, 1988.

Sec. 138. [RENUMBERING SECTIONS.]

The revisor of statutes shall renumber each section of Minnesota Statutes specified in column A with the numbers set forth in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>111.65</u>	<u>110.55</u>
<u>111.66</u>	<u>110.56</u>
<u>111.67</u>	<u>110.57</u>
<u>111.68</u>	<u>110.58</u>
<u>111.69</u>	<u>110.59</u>
<u>111.70</u>	<u>110.60</u>
<u>111.71</u>	<u>110.61</u>
<u>111.72</u>	<u>110.62</u>
<u>111.73</u>	<u>110.63</u>
<u>111.74</u>	<u>110.64</u>
<u>111.75</u>	<u>110.65</u>
<u>111.76</u>	<u>110.66</u>
<u>111.77</u>	<u>110.67</u>
<u>111.78</u>	<u>110.68</u>
<u>111.79</u>	<u>110.69</u>
<u>111.80</u>	<u>110.70</u>
<u>111.81</u>	<u>378.36</u>
<u>111.82</u>	<u>105.82</u>

## Sec. 139. [REPEALER.]

Minnesota Statutes 1986, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; 111.01; 111.02; 111.03; 111.04; 111.05; 111.06; 111.07; 111.08; 111.09; 111.10; 111.11; 111.12; 111.13; 111.14; 111.15; 111.16; 111.17; 111.18; 111.19; 111.20; 111.21; 111.22; 111.23; 111.24; 111.25; 111.26; 111.27; 111.28; 111.29; 111.30; 111.31; 111.32; 111.33; 111.34; 111.35; 111.36; 111.37; 111.38; 111.39; 111.40; 111.41; 111.42; and 111.421, are repealed.

## Sec. 140. [EFFECTIVE DATE.]

This act is effective August 1, 1987, for all drainage proceedings started after that date, except sections 111.01 to 111.421 are repealed January 1, 1988, but actions started under sections 111.01 to 111.421 before that date may be completed."

Delete the title and insert:

"A bill for an act relating to natural resources; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owner's report; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design elevation is different than original construction elevation; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; providing penalties; amending Minnesota Statutes 1986, sections 105.40, subdivision 11; 106A.005, subdivisions 2, 3, 4, 9, 10, 11, 12, 13, 14, 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.021, by adding subdivisions; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivision 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295; 106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, 6, and by adding subdivisions; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2, 6, and by adding subdivisions; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505,

subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding a subdivision; 106A.705; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60, subdivision 1; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1986, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; and 111.01 to 111.421.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1136, A bill for an act relating to public finance; changing the rural finance administration's qualified agricultural loan program and name; clarifying the duties and powers of the administration; amending Minnesota Statutes 1986, sections 41B.01; 41B.02; 41B.03; 41B.035; 41B.04, subdivisions 1, 7, 8, 9, 10, 11, and 12; 41B.19, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 1986, sections 41B.04, subdivisions 6, 13, 14, 15, and 16; and 41B.05.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

Section 1. Minnesota Statutes 1986, section 41B.01, is amended to read:

41B.01 [CITATION; PURPOSE.]

Subdivision 1. [CITATION.] Sections 41B.01 to 41B.23 shall be known as and may be cited as the “Minnesota rural finance ~~administration~~ authority act of 1986.”

Subd. 2. [PURPOSE.] Sections 41B.01 to 41B.23 create and establish the Minnesota rural finance ~~administration~~ authority and establish a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the author-



ity 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 programs in sections 41B.01 to 41B.23 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~~ authority and in authorizing the programs in sections 41B.01 to 41B.23, 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~~ authority, 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.

Subd. 3. [RESTRUCTURED LOAN PROGRAM.] The Minnesota rural finance authority is authorized and directed pursuant to this chapter to establish and implement a restructured agricultural loan program. The purpose of the program and of 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.

Subd. 4. [HOMESTEAD REDEMPTION PROGRAM.] The authority is also authorized and directed pursuant to sections 41B.01 to 41B.23 to establish and implement a homestead redemption program. The purpose of this program shall be to assist those persons who have lost their farms due to foreclosure, deed-back, or

other actions necessary to settle their agricultural debts, and who are otherwise unable to secure the credit necessary to repurchase their farm homestead. The authority may enter into agreements with any eligible lender for the purposes of this program. The authority may, by rule, establish eligibility standards for this program that are different from those established for other programs of the authority. The authority's interest in any homestead redemption loan must not exceed \$25,000.

Subd. 5. [COMMITMENTS TO OTHER ENTITIES.] The authority may establish programs to make or purchase and may make or purchase, or enter into commitments to make or purchase, qualified agricultural loans or portions thereof, issued to persons described in section 41B.03, subdivision 1, which are insured or guaranteed by the Farmers Home Administration, Farm Credit System or a subdivision thereof, or any similar federal agency or federally chartered institution whose obligations are directly or indirectly guaranteed or insured by the United States. For this purpose the authority may exercise the powers set forth in sections 41B.035 and 41B.08.

Sec. 2. Minnesota Statutes 1986, section 41B.02, is amended to read:

#### 41B.02 [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 41B.01 to 41B.23, the terms defined in this section have the meanings given them.

Subd. 2. [ADMINISTRATION AUTHORITY.] "Administration" "Authority" means the Minnesota rural finance administration authority created in section 41B.035.

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 41B.04, 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 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 if the authority determines that the agricultural lender has sufficient personnel and other resources to efficiently and properly originate and service qualified agricultural loans. Each eligible agricultural lender shall enter into one or

more agreements with the authority providing for the origination and servicing of qualified agricultural loans on the terms and conditions the authority determines to be appropriate.

Subd. 5. [ELIGIBLE BORROWER.] "Eligible borrower" means a borrower who meets the eligibility criteria for a program in section 41B.03.

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~~ pursuant to agricultural programs established and implemented by the authority.

Subd. 7. [BONDS.] "Bonds" means bonds, notes, or other obligations issued by the ~~administration~~ authority. For the purposes of section 41B.19, "bonds" also includes bonds or other obligations issued by the state.

Subd. 8. [SECURITY ACCOUNT.] "Security account" means the rural finance ~~administration~~ authority security account established in section 41B.19, subdivision 5.

Subd. 9. [PRIMARY PRINCIPAL.] "Primary principal" means that portion of the ~~principal~~ outstanding balance on a loan covered by sections 41B.01 to 41B.23 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 sections 41B.01 to 41B.23 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~~ during the pendency of the loan.

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 41B.04.

Subd. 13. [CURRENT MARKET VALUE.] "Current market value," for the purposes of section 41B.04, 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 qualified agricultural loan.

Subd. 15. [ORIGINAL LOAN.] "Original loan" means a loan prior to restructuring as provided in section 41B.04.

Subd. 16. [RESTRUCTURED LOAN.] "Restructured loan" means a loan after it is modified pursuant to section 41B.04.

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. Minnesota Statutes 1986, section 41B.03, is amended to read:

#### 41B.03 [BORROWER ELIGIBILITY CRITERIA.]

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(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 or, in the case of a prospective homestead redemption borrower, must have at one time been the principal operator of a farm.

(c) The borrower must not previously have received assistance pursuant to sections 41B.01 to 41B.23.

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must meet the following criteria:

(a) The borrower or one of the borrowers must have received at least 50 percent of average annual gross income from farming for the past three years, and farming must be the principal occupation of the borrower.

(b) 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 valued at their current market value of the assets.

(e) (c) 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. The authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan.

~~(f)~~ (d) The borrower must be ~~unable to meet~~ demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan.

~~(g)~~ The borrower must not previously have received restructuring assistance pursuant to sections 41B.01 to 41B.23.

Subd. 3. [CONTINUING ELIGIBILITY REQUIREMENTS.] Upon qualifying for and receiving a restructured loan, a borrower must thereafter only continue to meet the requirements of subdivision 1, paragraphs (a) and (b).

Sec. 4. Minnesota Statutes 1986, section 41B.035, is amended to read:

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 authority," which shall perform the governmental functions and exercise the sovereign powers delegated to it in sections 41B.01 to 41B.23 in furtherance of the public policies and purposes declared in section 41B.01. The board of the administration authority consists of the commissioners of agriculture, commerce, and finance, the state auditor, and ~~three~~ five public members, three of whom are active farmers, 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 authority are as provided in section 15.0575.

Subd. 3. [CHAIR.] The commissioner of finance is the chair of the board authority. The commissioner of agriculture is the vice-chair of the board authority.

Subd. 4. [MANAGEMENT AND CONTROL.] The management and control of the administration is vested solely in the board in accordance with sections 41B.01 to 41B.23.

Subd. 5 4. [BOARD ACTIONS OF THE AUTHORITY.] The powers of the board are vested in the members in office from time to time. A majority of the members of the board authority, 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 authority upon a vote of a majority of a quorum present.

Subd. 6 5. [ADMINISTRATIVE CONTROL.] The administration authority is under the administrative control of the commissioner of finance.

Subd. 7 6. [PERSONAL LIABILITY.] The members and officers of the administration authority are not liable personally, either jointly or severally, for any debt or obligation created or incurred by the administration authority.

Subd. 7. [GENERAL POWERS OF THE AUTHORITY.] To exercise the specific powers granted in section 41B.04 and bring about the other purposes of sections 41B.01 to 41B.23, the authority 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 delegate any of its powers to its officers or staff.

(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 sections 41B.01 to 41B.23.

(f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, if the acquisition is necessary or appropriate.

(g) It may provide general technical services related to rural finance.

(h) It may provide general consultative assistance services relating 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 to regulate 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 authority 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 the 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 use of authority 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 considers necessary or desirable, to assist in the exercise of any of the powers granted in sections 41B.01 to 41B.23 and to carry out the objectives of sections 41B.01 to 41B.23 and may pay for the services from authority 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.

(q) It may enter into agreements with qualified agricultural lenders or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.

(r) It 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 authority may only purchase participation interests in restructuring loans pursuant to normal procedure. The authority may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.

Sec. 5. Minnesota Statutes 1986, section 41B.04, subdivision 1, is amended to read:

Subdivision 1. [RESTRUCTURING AUTHORITY.] ~~The administration authority~~ 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 authority~~ determines are not inconsistent with sections 41B.01 to 41B.23. This section governs the ~~programs of the administration authority's restructured loan program.~~

Sec. 6. Minnesota Statutes 1986, section 41B.04, subdivision 7, is amended to read:

Subd. 7. [RESTRUCTURING PROCEDURE.] The eligible agricultural lender or borrower shall propose restructuring a loan to the administration authority. Within 30 days of receiving adequate information concerning a proposal, the administration authority 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 authority~~. 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.

Sec. 7. Minnesota Statutes 1986, section 41B.04, subdivision 8, is amended to read:

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the administration authority, the ~~administration authority~~ 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 authority'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.

Sec. 8. Minnesota Statutes 1986, section 41B.04, subdivision 9, is amended to read:

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 authority to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and administration authority on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the administration authority in the following order:

- (1) deferred interest on secondary principal;
- (2) secondary principal;
- (3) deferred interest on primary principal;
- (4) primary principal as provided in an agreement between the 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.~~

(e) The authority must not participate in any refinancing of a restructured loan at the conclusion of the restructured loan.

Sec. 9. Minnesota Statutes 1986, section 41B.04, subdivision 10, is amended to read:

Subd. 10. [INTEREST RATE.] Unless the authority determines that it is not in the best interests of the restructured loan program, the interest rate per annum on the portion of the restructuring restructured loan represented by the participation interest purchased by the administration authority must be that rate of interest determined by the administration authority to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations issued by the administration authority, 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 authority 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 authority. The administration authority may specify the points, fees, and other charges which the eligible agricultural lender may charge to the eligible borrower.

Sec. 10. Minnesota Statutes 1986, section 41B.04, subdivision 11, is amended to read:

Subd. 11. [ADMINISTRATION.] The eligible lender shall administer the loans and shall bear all costs of the loan administration authority. Ordinary costs of administration include appraisals, litigation, abstracts of title, and similar costs. The administration agrees to share in any other responsibilities common to a loan participation agreement.

Sec. 11. Minnesota Statutes 1986, section 41B.04, subdivision 12, is amended to read:

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 meeting the eligibility requirements of section 41B.03, subdivision 1, and any other requirements imposed or approved by the authority. 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.

Sec. 12. [41B.075] [DATA PRIVACY.]

Financial information, including but not limited to credit reports, financial statements, and net worth calculations, received or prepared by the authority regarding any authority loan 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. 13. Minnesota Statutes 1986, section 41B.08, subdivision 4, is amended to read:

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. The "A" rating is not required, however, if the bonds are initially sold to corporations or financial institutions for investment purposes and not for the purpose of remarketing the bonds to the public.

Sec. 14. Minnesota Statutes 1986, section 41B.12, is amended to read:

41B.12 [REVENUE BONDS; NONLIABILITY OF INDIVIDUALS.]

Neither the members of the ~~administration~~ authority and its staff 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. 15. Minnesota Statutes 1986, section 41B.19, subdivision 5, is amended to read:

Subd. 5. [RURAL FINANCE ADMINISTRATION AUTHORITY SECURITY ACCOUNT.] The commissioner of finance shall maintain a separate state building fund account designated as the rural finance ~~administration~~ authority 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~~ authority, the commissioner of finance shall transfer from the security account to an account or accounts the ~~administration~~ authority 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~~ authority

under sections 41B.01 to 41B.23 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 authority 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. When no revenue bonds secured by the security account are outstanding under the resolution authorizing their issuance, the commissioner of finance shall further transfer from all money and securities on hand in 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 to the state bond fund.

Sec. 16. Minnesota Statutes 1986, section 41B.19, subdivision 6, is amended to read:

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 authority 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 issued by any national banking association or by a bank and trust company organized under the laws of any state, or interest-bearing time deposits with any such institution. The principal amount of the investment must be fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation. If not fully insured, the institution issuing the certificate of deposit or accepting the time deposit must be rated in the AA or a higher category as defined by a nationally recognized bond rating agency or in an equivalent or higher rating category based on any later redefinition; (3) (2) 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) (3) qualified agricultural loans or in participation interests in qualified agricultural loans; or (5) (4) 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 authority, or to transfer money to a debt service reserve fund established in connection with the bonds, the administration authority 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 authority's obligation to transfer

money to the security account is limited to money then on hand in funds or accounts of the ~~administration~~ authority 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~~ authority and to pay the costs of issuing, carrying, administering, and securing the bonds of the ~~administration~~ authority and of administering and implementing the programs of the ~~administration~~ authority financed by the bonds.

Sec. 17. [41B.195.] [ADDITIONAL USE OF GENERAL OBLIGATION BONDS.]

Notwithstanding the limit set forth in section 41B.19, subdivision 1, the commissioner of finance, upon the request of the rural finance authority, may issue the general obligation bonds authorized by section 41B.19 and use the proceeds thereof to purchase participations in restructured loans if the commissioner determines that it is not practical or efficient to issue revenue bonds pursuant to section 41B.08 for the purpose of section 41B.04 as a result of reduced program size or increased program costs. Subject to the other provisions of this section, the proceeds of the bonds must be deposited, held, and disbursed from a separate state building fund account, the bonds are payable from the bond account established by section 41B.19, subdivision 4, and the participations purchased with the bond proceeds must be held as assets of the bond account. If the rural finance authority later determines to issue revenue bonds pursuant to section 41B.08 for the purposes specified in section 41B.04, the commissioner may by order provide for the transfer of all or a portion of the remaining bond proceeds and interest thereon, and all or a portion of the participations purchased with the bond proceeds and proceeds thereof, to be transferred to the security account established in section 41B.19, subdivision 5, and used for the purposes specified in section 41B.19, subdivisions 1 and 5.

Sec. 18. [REPEALER.]

Minnesota Statutes 1986, sections 41B.04, subdivisions 6, 13, 14, 15, and 16; and 41B.05, are repealed.

Sec. 19. [INSTRUCTIONS TO REVISOR.]

The revisor of statutes is instructed to change the phrases "rural finance administration" and "administration" when the term is applied to the rural finance administration to "rural finance authority" and "authority" respectively in Minnesota Statutes. The revisor is further instructed to rearrange the subdivisions of Minnesota Statutes 1986, section 41B.02, so that the terms defined therein are in alphabetical order.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 19 are effective the day following their final enactment.

## ARTICLE 2

Section 1. [325G.221] [DEFICIENCY JUDGMENTS ON AGRICULTURAL PERSONAL PROPERTY.]

Subdivision 1. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment on personal 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. 2. [ATTACHMENT OF PERSONAL PROPERTY AFTER JUDGMENT IS ENTERED.] A deficiency judgment obtained to enforce a debt on personal property used in agricultural production does not attach to real or personal property that is acquired by the debtor after the judgment is entered.

Sec. 2. Minnesota Statutes 1986, section 580.031, is amended to read:

### 580.031 [MINIMUM NOTICE.]

Notwithstanding the provisions of any other law to the contrary, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which the provisions of chapter 583 apply if the notice is published for the first time after May 24, 1983 and prior to May 1, 1985 or after June 8, 1985, and prior to ~~May 1, 1987~~ June 30, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

### Sec. 3. [583.305] [PROHIBITED WAIVERS.]

A lender may not require a borrower to waive rights under the farmer-lender mediation act as a condition for making a loan. Any such waiver of rights under the farmer-lender mediation act since March 21, 1986, is void.

Sec. 4. Laws 1983, chapter 215, section 16, as amended by Laws 1984, chapter 474, section 7, as amended by Laws 1985, chapter 306, section 26, is amended to read:

### Sec. 16. [REPEALER.]

Sections 1 to 15 are repealed effective July 1, 1987 1989, but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court.

Sec. 5. [EFFECTIVE DATE.]

This article is effective July 1, 1987.

ARTICLE 3

Section 1. Minnesota Statutes 1986, section 500.24, subdivision 6, 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. "Highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash-price offer is one which involves contemporaneous transfer of title. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by the treasury yield curve for like time periods plus 2.0 percent. A time-price offer is an offer that defers payment of any portion of the price and does not involve a transfer of fee title until full payment is made. An offer to lease to the former owner is required only on the first each occasion on which the property is leased until the property is actually sold or until the former owner fails to exercise the right of first refusal. An offer to sell to the former owner is required only on the first occasion on which the property is sold. An offer to sell or lease to the preceding former owner must be in writing and must accurately report all relevant details of the sale or lease offer acceptable to the seller or lessor. An offer to sell must have a copy of the purchase agreement for the highest offer made by a third party that is acceptable to the seller and must be included with the notice under this subdivision. An offer to lease must have a copy of the lease agreement for the highest offer made by a third party that is acceptable to the seller and must be included with the notice under this subdivision. 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 except for a corporation that holds land under subdivision 3, clause (i) in which case the requirement to offer to sell or lease to the immediately preceding owner remains in effect for ten years.

The former owner must exercise the right to lease farm land within ten days after receiving an offer to lease under this subdivision. The former owner must exercise the right to buy farm land within 60 days after receiving an offer to buy under this subdivision. This subdivision does not apply if the former owner is a bankruptcy estate.

The right under this subdivision may not be waived unless the waiver is signed after the right actually exists and could be exercised by the previous owner.

#### ARTICLE 4

Section 1. Minnesota Statutes 1986, section 583.03, subdivision 1, is amended to read:

Subdivision 1. [PROPERTY COVERED.] The provisions of sections 47.20, subdivision 15, 559.21, subdivision 6, 580.031, and 583.01 to 583.12 apply to ~~first~~ mortgages secured by and contracts for deed conveying, homesteads within the meaning of section 583.02, including: (1) mortgages held by the United States or by any agency, department, bureau, or instrumentality of the United States, as security or pledge of the mortgagor, its successors or assigns; and (2) mortgages held as security or pledge to secure payment of a public debt or to secure payment of the deposit of public funds.

#### Sec. 2. [REPEALER.]

Minnesota Statutes 1986, section 583.03, subdivision 2, is repealed.

#### ARTICLE 5

Section 1. Minnesota Statutes 1986, section 41.52, is amended by adding a subdivision to read:

Subd. 14. [ACQUIRED PROPERTY.] "Acquired property" means agricultural real property returned to a lender or guarantor through enforcement of a default on a contract for deed or mortgage foreclosure or bankruptcy. For purposes of the program for acquired property sales established under section 5, acquired property means only property acquired before the effective date of this act.

Sec. 2. Minnesota Statutes 1986, section 41.52, is amended by adding a subdivision to read:

Subd. 15. [ACQUIRED PROPERTY LOAN GUARANTEE.] "Acquired property loan guarantee" means an agreement that in the



event of default, the state of Minnesota must pay the lender 85 percent of any sums remaining on a mortgage and note or contract for deed approved under the family farm security program after the effective date of this act after approved liquidation of the property. In the event that the state's share of losses resulting from defaults in the program for acquired property sales established under section 5 exceeds the limit on the state's maximum loss set under section 5, subdivision 7, the commissioner must disburse guarantee payments to lenders only to the extent of the state's maximum loss limit. Any additional losses must be borne by the lender without regard to the 85 percent guarantee.

Sec. 3. Minnesota Statutes 1986, section 41.53, subdivision 2, is amended to read:

Subd. 2. The commissioner may adopt emergency or permanent rules necessary for the efficient administration of sections 41.51 to 41.57; 41.58; subdivisions 1 and 2; 41.59; subdivision 1; and 41.61 and section 5.

Sec. 4. Minnesota Statutes 1986, section 41.55, is amended to read:

#### 41.55 [ELIGIBILITY.]

A family farm security loan approval may be granted if the following criteria are satisfied:

(a) that the applicant is a resident of the state of Minnesota;

(b) that the applicant has sufficient education, training, or experience in the type of farming for which the loan is desired and continued participation in a farm management program, approved by the commissioner, for at least the first ~~ten~~ five years of the family farm security loan;

(c) that the applicant and the applicant's dependents and spouse have total net worth valued at less than ~~\$75,000~~ \$150,000 and have demonstrated a need for the loan;

(d) that the applicant intends to purchase farm land to be used by the applicant for agricultural purposes;

(e) that the applicant is credit worthy according to standards prescribed by the commissioner.

#### Sec. 5. [41.63] [ACQUIRED PROPERTY SALES.]

Subdivision 1. [AUTHORIZATION.] The commissioner may provide an acquired property loan guarantee to lenders on the sale of

acquired property acquired on or before the effective date of this act if the buyer satisfies the eligibility criteria in section 41.55, and if the applicant agrees to participate in an approved farm management program for the first five years of the sale contract for deed or mortgage, and if:

(a) this is the buyer's first farm real estate purchase;

(b) the buyer has been the manager/operator of a commercial size farm operation and currently holds ownership to no more than 160 acres of farm real estate; or

(c) after the purchase under this article, the total agricultural land owned by the purchaser must not exceed 480 acres.

Subd. 2. [APPLICATION.] A lender desiring to provide financing for the sale of the family farm security program acquired property, or other acquired property to persons eligible for an acquired property loan guarantee, shall forward an application to the commissioner for approval utilizing forms approved by the commissioner. The commissioner shall prescribe a screening process to determine eligibility and disposition of applications. On approving a guarantee, the commissioner shall notify the lender. The lender and buyer may then complete the sale.

If the application is denied, the commissioner shall provide the lender with a written statement of the reasons for denial. An application which later meets the eligibility criteria may be resubmitted by the lender.

Subd. 3. [APPROVED SALES.] The sales agreement and the note and mortgage or contract for deed executed between lender and buyer shall have the following characteristics:

(a) The acquired property will not be sold for less than 95 percent nor more than 105 percent of current market value. Market value appraisals shall be mutually agreed to by the lender and the commissioner for each property. To the extent not disallowed by statute, a seller must, as part of the conveyance, transfer to the buyer all mineral rights it holds to the land being conveyed unless the buyer willingly waives in a separate writing the requirement to convey the mineral rights.

(b) Amortization of the mortgage or contract shall be based on no more than 30 years and no less than 20 years with a balloon payment due at the end of ten years. Early payment at the request of buyer is allowed.

(c) There shall be a minimum down payment of ten percent on those sales with monthly payments, 12.5 percent with semiannual payments, and 15 percent with annual payments.

(d) Interest rate shall be fixed at below preferred customer rates for the first five years and no higher than preferred customer rates for years six to ten. For 1987, the rates offered must be 6.9 percent for the first five years, and 8.9 percent for the second five years, or the applicable Federal Land Bank variable rate, whichever is lower.

Subd. 4. [LOAN SERVICING.] The lender shall be responsible for all mortgage or contract for deed servicing.

(a) At the end of the tenth year, buyers shall have the right to refinance with their sponsoring lender at the lowest interest rate for which they qualify at the time.

(b) No partial releases, release of easement payments, or other actions affecting the value of the property may be transacted without the commissioner's approval.

(c) At no time shall the lender or buyer take any action that will diminish the first position claim of the guaranteed mortgage or contract.

(d) The guarantee is neither assignable nor assumable.

(e) The lender shall, in consultation with the commissioner, pursue any legal means available to recover as much as reasonably possible in case of a default and be reimbursed for the normal costs of these actions under the guarantee provision.

Subd. 5. [DEFAULT.] Default occurs when:

(a) the buyer does not pay the principal or interest payment on the date due;

(b) the participant breaches a material obligation in the note and mortgage, loan agreement, contract for deed, or any other instrument securing the loan, and the lender determines that this breach constitutes an adverse change in the buyer's ability to repay the guaranteed loan; or

(c) the buyer fails to properly maintain the buildings and other facilities or does not follow proper soil and water conservation practices so that the value of the security is diminished.

Subd. 6. [FILING CLAIM.] When a default occurs and the appropriate actions have been taken to recover title to the property, the lender shall provide the commissioner with an acceptable plan for

liquidation and carry out that plan. The lender shall present a ledger accounting of all costs and all receipts for final review by the commissioner. Costs include the principal balance of the loan remaining at time of default, any unpaid accrued interest calculated at the stated rate of the loan to the date of default, real estate taxes and insurance premiums paid, attorneys' fees, and other costs associated with clearing title. Receipts include the sale proceeds, any rents collected, and other miscellaneous income received during the holding period. In those instances where costs exceed receipts, the commissioner shall make payment to the lender from the special guarantee account established in section 41.61, subdivision 1, for 85 percent of the excess costs. In those instances where receipts exceed costs by more than 115 percent, the lender shall remit to the commissioner one-half of all excess over the 115 percent for deposit in the special guarantee fund.

Subd. 7. [LIMITATIONS.] The sum of all outstanding acquired property loans guaranteed by the commissioner at any time may not exceed \$100,000,000. The state's maximum loss shall not exceed \$12,750,000, over the life of this program, exclusive of legal fees, default costs, administration expenses, and other expenses not associated with the principal balance or the interest due. In the event that the state's share of losses resulting from defaults in the program for acquired property sales established under this section exceeds the limit on the state's maximum loss, the commissioner must disburse guarantee payments to lenders only to the extent of the state's maximum loss limit. Any additional losses must be borne by the lender without regard to the 85 percent guarantee. Priority for loan guarantee payments within the state's maximum loss limit must be based on the date the plan for liquidation is provided to the commissioner.

## ARTICLE 6

### 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, as reactivated and amended by Laws 1986, chapter 398, article 11, is reactivated.

Sec. 2. Laws 1985, chapter 19, section 6, subdivision 6, as amended by Laws 1986, chapter 398, article 11, section 4, is amended to read:

Subd. 6. [EXPIRATION.] The data collection task force expires January April 15, 1987 1989, or 15 days after reporting to the

legislature whichever date comes later, but in no circumstance later than ~~March~~ June 1, 1987 1989.

Sec. 3. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 7

APPROPRIATIONS

Section 1. [AGRICULTURAL DATA TASK FORCE.]

\$70,000 is appropriated from the general fund to the legislative advisory commission to fund the activities of the agricultural data collection task force to be available until June 30, 1989.

Sec. 2. [APPROPRIATION; PSEUDORABIES CONTROL.]

\$719,780 is appropriated from the general fund to the board of animal health, to be available until June 30, 1989, to be used for a control program for pseudorabies in swine in which the state will pay the laboratory costs for the testing of blood samples. The testing of infected herds must be performed by practicing veterinarians. The program must be coordinated by board of animal health personnel. Testing costs and laboratory fees must be paid by the board of animal health. This appropriation is in addition to other appropriations to the board of animal health for pseudorabies control. The appropriation is specifically to be used as follows:

	<u>Fiscal Year 1988</u>	<u>Fiscal Year 1989</u>
Laboratory fees	\$359,890	\$359,890

Sec. 3. [INTERSTATE COMPACT ON GRAIN MARKETING.]

\$50,000 is appropriated from the general fund to the commissioner of agriculture for payment of financing the operations of the state's portion of the interstate compact on grain marketing.

Sec. 4. [SWEET SORGHUM RESEARCH.]

\$394,000 is appropriated from the general fund to the state board of vocational technical education for a demonstration project at the Mankato Vocational Technical Institute involving butanol and ethanol production from sweet sorghum, for the biennium ending June 30, 1989.

**Sec. 5. [MONEY TO THE UNIVERSITY OF MINNESOTA FOR RESEARCH ON VETERINARY HEALTH CARE DELIVERY FOR DAIRY HERDS.]**

\$200,000 is appropriated from the general fund in each fiscal year, 1988 and 1989 to the board of regents of the University of Minnesota for full and partial support of two scientists, support staff, and operating funds to develop and research veterinary health care delivery systems for dairy herds in Minnesota. The appropriation for both years is available until June 30, 1989.

**Sec. 6. [APPROPRIATIONS; STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION.]**

Subdivision 1. There is appropriated \$112,500 from the general fund to the state board of vocational technical education, for the fiscal year ending June 30, 1987, to provide salary and travel to hire up to 15 support staff knowledgeable in financial planning for farm operations to assist farm business management instructors with unusually heavy workloads due to demand by farmers for assistance with mediation, obtaining credit, application for assistance programs such as interest buy-down, and in areas where bank closures may occur.

Subd. 2. There is appropriated \$775,000 for the fiscal year ending June 30, 1988, and \$1,147,500 for the fiscal year ending June 30, 1989, from the general fund to the state board of vocational technical education to be used for a farm crisis intervention project as follows:

	<u>Fiscal Year 1988</u>	<u>Fiscal Year 1989</u>
(1) <u>Support Staff</u>	<u>\$100,000</u>	<u>\$102,500</u>
<u>15 support staff for up to three months per year to be assigned to the six-area agricultural coordinator areas. The coordinator would assign and manage support staff to assist farm business management staff to provide information for financial planning and counseling.</u>		
(2) <u>New management programs</u>	<u>500,000</u>	<u>850,000</u>
<u>\$50,000 each to start farm business management and small business management programs.</u>		
(3) <u>Workshops</u>		
(a) <u>Marketing, financial management, alternative enterprise workshops for farmers and agribusiness.</u>	<u>100,000</u>	<u>100,000</u>

(b) <u>Staff development workshop for management staff.</u>	<u>25,000</u>	<u>25,000</u>
(4) <u>Beginning farmer programs</u>	<u>50,000</u>	<u>70,000</u>
<u>\$2,500 grant to selected programs to provide an educational program for establishment in farming for beginning farmers.</u>		
<u>TOTALS</u>	<u>\$775,000</u>	<u>\$1,147,500</u>

Sec. 7. [APPROPRIATION; FARM ADVOCATE PROGRAM.]

\$419,300 is appropriated for fiscal year 1988 and \$391,500 for fiscal year 1989 from the general fund to the commissioner of agriculture for the farm advocate program. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 8. [APPROPRIATION; WILD RICE RESEARCH PROGRAM.]

\$48,000 is appropriated from the general fund to the University of Minnesota agricultural experiment station for wild rice research. This appropriation remains available until June 30, 1989, and is for the following purposes:

(a) <u>for experiments on the use of fertilizers</u>	<u>\$10,000</u>
(b) <u>for experiments on the influence of rotation and residue removal on diseases, weeds, and yield</u>	<u>\$10,000</u>
(c) <u>for evaluation of the cost advantages and effects on yields of leveling and tiling</u>	<u>\$ 8,000</u>
(d) <u>to conduct controlled-site experiments into the advantages of existing and future varieties of wild rice.</u>	<u>\$20,000</u>

Sec. 9. [APPROPRIATION; MILK IN SCHOOLS PROGRAM.]

For milk programs under Article 10, there is appropriated from the general fund:

\$1,000,000.....1988,

\$1,000,000.....1989.

Any unexpended balance at the end of fiscal year 1988 shall not cancel but shall be available for fiscal year 1989.

Sec. 10. [DAIRY SHEEP DEMONSTRATION.]

\$45,000 is appropriated from the general fund to the University of Minnesota for purposes of continuing the dairy sheep experiment project being performed at the Rosemount Experiment Station.

Sec. 11. [APPROPRIATION; COUNTY FAIR BOARDS.]

\$358,400 is appropriated from the general fund to the commissioner of agriculture in each of the fiscal years of the biennium ending June 30, 1989, to be used under Minnesota Statutes, section 38.02, for aid to county and district agricultural societies.

Sec. 12. [APPROPRIATION; LOW LIVESTOCK PRODUCTIVITY STUDY.]

\$150,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the study required under Article 11. Of this appropriation not more than \$10,000 is available for administrative costs of the department of agriculture and mileage and expense reimbursements to members of the advisory board. This appropriation does not cancel but remains available until April 1, 1989.

## ARTICLE 8

Section 1. Minnesota Statutes 1986, section 583.02, is amended to read:

### 583.02 [DEFINITIONS.]

As used in this chapter, the term "homestead" means residential or agricultural real estate, a portion or all of which, at the time of the filing of the petition under section 583.04, is occupied by the owner and is entitled to receive homestead classification under section 273.13, subdivision 22 or 23 or would be entitled to receive the credit if it remained the residence of the owner on June 1 of the current year or January 2 of the next year.

"Homestead" also means residential real estate located in a distressed county as identified in section 297A.257, subdivision 1, which, at the time of the filing of the petition under section 583.04, is occupied by the owner and is entitled to receive homestead classification under section 273.13, subdivision 22 or 23, or would be entitled to receive credit if it remained the residence of the owner on June 1 of the current year or January 2 of the next year.

Sec. 2. Minnesota Statutes 1986, section 583.04, is amended to read:



**583.04 [MORTGAGOR MAY APPLY TO DISTRICT COURT FOR RELIEF.]**

Any mortgagor, or owner in possession of the mortgaged premises including farm homestead premises, or anyone claiming under the mortgage, or anyone liable for the mortgage debt, may at any time after the issuance of the notice of the foreclosure proceedings and prior to the sale, petition the district court of the county where the foreclosure proceedings are pending, serving a summons and verified petition requesting that the sale in foreclosure be postponed for up to ~~six months or, in the case of a farm homestead located on more than ten acres, for up to 12 months.~~ In the case of residential real estate located in a distressed county as identified in section 297A.257, subdivision 1, the postponement may be for up to six months. A contract for deed vendee or anyone claiming under the contract or liable for the contract payment, in any case where the contract has not yet been terminated as of May 24, 1983, may petition the district court in the same manner, requesting that the contract termination be postponed for up to 90 days. Upon receiving the petition, the court shall order a stay in the foreclosure proceedings or contract termination until after the hearing on the petition. The court may order costs and attorney fees to be paid by the person applying for relief. If the court orders attorney fees to be paid, the amount may not exceed \$150 or one-half of the attorney fees allowed in section 582.01, whichever is less. The court may order the attorney fees to be prorated and combined with payments ordered under section 583.08. The court may not order attorney fees to be paid by the person applying for relief, if the person is receiving public assistance or legal aid for their own legal representation.

**Sec. 3. [EFFECTIVE DATE.]**

This article is effective the day following final enactment.

**ARTICLE 9**

Section 1. Minnesota Statutes 1986, section 582.041, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If a mortgage on real property is foreclosed and the property contains a portion of the a homestead of the mortgagor, the ~~mortgager~~ person in possession of the real property 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 served with the notice of foreclosure that is served on the mortgagor under person in possession of the real property with the requirements in section 580.04 580.03 or for a foreclosure by action under chapter 581, in the summons and complaint served on the person in possession of the real property.

Sec. 2. Minnesota Statutes 1986, section 582.041, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) The following notice must be ~~included in~~ served with the foreclosure notice of property containing a homestead that is served on the ~~mortgagor~~ person in possession of the real property under section 580.04 580.03. The notice is not to be published. The notice must be in 10-point capitalized letters.

**“IF PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE, YOU MAY DESIGNATE AN AREA AS 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 and is not to be published with the summons if the summons is published.

**“IF PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE, YOU MAY DESIGNATE AN AREA AS 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 COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED.”**

Sec. 3. Minnesota Statutes 1986, section 582.041, subdivision 3, is amended to read:

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor person who is homesteading the property 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 person homesteading the property, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor person homesteading the property must serve a copy of the designation on the foreclosing mortgagee, the sheriff, and the county recorder or registrar of titles 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.

Sec. 4. Minnesota Statutes 1986, section 582.041, subdivision 5, is amended to read:

Subd. 5. [REDEMPTION.] The mortgagor A party who has a right of redemption 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. 5. [582.042] [FORECLOSURE OF AGRICULTURAL LAND THAT INCLUDES SEPARATE TRACTS.]

Subdivision 1. [NOTIFICATION OF SEPARATE TRACT DESIGNATION.] If a mortgage on real property that is agricultural land is foreclosed and the property contains separate tracts, the person in possession of the real property must be notified by the foreclosing mortgagee that the separate tracts may be sold and redeemed separately. The notice in subdivision 2 must be served with the notice of foreclosure that is served on the person in possession of the property under section 580.03 or for a foreclosure by action under chapter 581, in the summons and complaint.

Subd. 2. [DESIGNATION NOTICE.] (a) The following notice must be served with the foreclosure notice of the property that is served on the person in possession of the real property under section 580.03. The notice must be in 10-point capitalized letters and the notice is not to be published.

"IF THE PROPERTY TO BE SOLD CONTAINS SEPARATE TRACTS, YOU MAY REQUEST THAT THE TRACTS BE SOLD AND REDEEMED SEPARATELY. EACH OF THE SEPARATE TRACTS MUST CONFORM TO LOCAL ZONING ORDINANCES, MUST HAVE AN ENTRANCE BY DIRECT ACCESS TO A PUBLIC ROAD OR BY PERMANENT EASEMENT, AND MUST NOT UNREASONABLY AFFECT 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 DESCRIPTIONS OF EACH OF THE TRACTS YOU HAVE DESIGNATED TO BE SOLD SEPARATELY 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 real property containing separate tracts under chapter 581. The notice must be in 10-point capitalized letters and is not to be published with the summons if the summons is published.

"IF THE PROPERTY TO BE SOLD CONTAINS SEPARATE TRACTS, YOU MAY REQUEST THAT THE TRACTS BE SOLD AND REDEEMED SEPARATELY. EACH OF THE SEPARATE TRACTS MUST CONFORM TO LOCAL ZONING ORDINANCES.

YOU MUST PROVIDE THE COURT WITH A COPY OF THE LEGAL DESCRIPTIONS OF EACH OF THE TRACTS YOU HAVE DESIGNATED TO BE SOLD SEPARATELY."

Subd. 3. [DESIGNATION OF SEPARATE TRACTS.] The person being foreclosed must designate legal descriptions of each of the tracts to be sold separately. The tracts designated must be previously recorded as separate tracts. Each of the separate tracts must conform to local zoning ordinances, must have an entrance by direct access to a public road or by permanent easement, and must not unreasonably affect the value of the remaining property. The person being foreclosed must serve a copy of the legal descriptions of the tracts to be sold separately on the foreclosing mortgagee, the sheriff, and the county recorder or registrar of titles by ten business days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the legal descriptions of the tracts to be sold separately must be provided to the court.

Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a designation of separate tracts under subdivision 3, or is ordered by the court, the sheriff must offer and sell the tracts separately.

Subd. 5. [REDEMPTION.] The designated tracts may be redeemed separately or the entire foreclosed property may be redeemed. The period of redemption is the period for the entire property including all of the designated tracts.

Sec. 6. [EFFECTIVE DATE.]

This article is effective July 1, 1987, except: sections 1 to 5 apply to foreclosures where the first publication occurs on or after July 1, 1987, and to foreclosures under chapter 581 where the first service or publication occurs on or after July 1, 1987.

## ARTICLE 10

## Section 1. [124.6461] [MILK PROGRAM.]

Subdivision 1. [PURPOSE.] The purpose of this section is to encourage school districts to provide milk to pupils in the first three grades of elementary school.

Subd. 2. [REIMBURSEMENT LEVEL.] In the 1987-1988 and 1988-1989 school years, the department of education shall reimburse school districts and nonpublic schools five cents for each one-half pint of milk per day provided to each first, second, and third grade pupil attending a public or nonpublic school. Schools which apply for reimbursement shall make milk available to all first, second, and third grade pupils enrolled in the school.

Subd. 3. [REIMBURSEMENT PROCEDURES.] The commissioner of education shall establish procedures and application forms for reimbursement.

## ARTICLE 11

## Section 1. [RESEARCH STUDY; LOW LIVESTOCK PRODUCTIVITY.]

Subdivision 1. [STUDY CRITERIA; SCOPE.] The University of Minnesota or another institution or organization selected by the commissioner of agriculture in consultation with the advisory board established under subdivision 3 shall perform the study required under this section. The study must provide interdisciplinary analysis of issues frequently believed to be electrical in nature that affect dairy and livestock productivity levels or are manifested in poor animal health. The study may include analysis of possible nonelectrical causes for low productivity levels or poor animal health at the study sites in order to help isolate the specific cause or causes of the problem at the sites. The study must be conducted on farmstead sites within the state as determined appropriate by the study team. The interdisciplinary team studying the selected sites must consist of researchers from the University of Minnesota or elsewhere who have expertise in the following fields: (1) animal sciences; (2) veterinary medicine; (3) electrical power distribution; (4) farmstead electrification; and (5) any other discipline or field deemed appropriate by members of the interdisciplinary team.

Subd. 2. [STUDY SITE SELECTION.] The farmstead sites to be studied must be selected by the advisory board established under subdivision 3. Study sites must be selected from among farmsteads whose operators request participation in the study. For three or more of the sites, preference must be given to farmsteads in dairy production areas which have experienced persistent problems with

low milk production levels and poor dairy herd health and where a traditional study of stray voltage has failed to identify or solve the problem.

Subd. 3. [ADVISORY BOARD: COMPOSITION, APPOINTMENT, DUTIES.] Not later than 30 days after the effective date of this act the governor, in consultation with the commissioner of agriculture, shall appoint an advisory board of nine members who shall determine farmstead sites to be included in the study. The advisory board shall meet at least quarterly to review progress reports on the study. Members of the advisory board shall include farmers experiencing conditions similar to those to be studied (membership on the advisory board does not preclude study of a farmstead operated by a member); farmers whose problems with low productivity levels or poor livestock health have been resolved; other farmers; a member of the Minnesota pollution control agency board; a representative of a cooperative electric association; a representative of an investor-owned electric utility which serves rural areas of Minnesota; a practicing veterinarian; and a representative of the University of Minnesota. Members of the advisory board shall serve without compensation but must be reimbursed by the commissioner of agriculture for mileage and actual expenses for meals related to service on the advisory board. The advisory board expires upon submission of the report required under subdivision 4.

Subd. 4. [REPORT.] The interdisciplinary study team shall prepare and deliver to the commissioner of agriculture a report on the results of the study. If feasible, the study team shall also submit the results of the study in a form appropriate for publication in one or more recognized scientific journals. The commissioner shall report results of the study to the house and senate committees on agriculture not later than February 1, 1989.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

## ARTICLE 12

Section 1. [GENERAL FUND CLAIMS BY EGG PRODUCERS.]

Subdivision 1. The amounts in this section are appropriated from the general fund to the egg producers named in this section in full and final payment of claims against the state. This appropriation remains available until June 30, 1988.

Subd. 2. Carolyn Kay Oswald, Route #1, Box 115, Swanville, Minnesota 56382, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from Oswald. The loss would have been covered by bond except that the department of

agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$5,423.48.

Subd. 3. John E. Hamilton, 2039 Hawk Street, Becker, Minnesota 55508, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from Hamilton. The loss would have been covered by bond except that the department of agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$3,078.83.

Subd. 4. Harvey Kimman, Route #2, Box 157, Freeport, Minnesota 56331, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from Kimman. The loss would have been covered by bond except that the department of agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$13,019.78.

Subd. 5. Roger J. Welters, Route #2, Box 37, Swanville, Minnesota 56382, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from Welters. The loss would have been covered by bond except that the department of agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$3,250.80.

Subd. 6. Wilfred Moscho, Box 268, St. Martin, Minnesota 56376, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from Moscho. The loss would have been covered by bond except that the department of agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$3,338.46.

Subd. 7. Duane and Sharon Ballou, Route #1, Randall, Minnesota 56475, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from the Ballous. The loss would have been covered by bond except that the department of agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$3,304.80.

Subd. 8. Benedict Hoppe, 226 West Main Street, Melrose, Minnesota 56352, for loss of income resulting from the bankruptcy of a wholesale produce dealer who bought eggs from Hoppe. The loss would have been covered by bond except that the department of agriculture neglected or failed to require the proper type of license and bond of the produce dealer.....\$2,862.03.

#### ARTICLE 13

Section 1. Minnesota Statutes 1986, section 32.394, subdivision 8, is amended to read:

Subd. 8. [EXPLORATORY PRELIMINARY INSPECTIONS GRADE A INSPECTION FEES.] Any A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to learn about and acquaint producers with market Grade A requirements may make a request to the commissioner for exploratory inspections and meetings for this purpose. Upon receipt of such request, the commissioner at a convenient time shall cause such exploratory inspections to be made and such meetings to be held as are necessary to acquaint said processor and producers with such requirements. If, after such exploratory inspections are made and such meetings are held and when in the processor's opinion the processor's field service has brought producers into compliance with said requirements, said processor wishes further inspection service, the processor shall so milk or use the Grade A label must apply on a form furnished by for Grade A inspection service from the commissioner, stating the number of farms to be inspected. Such applications shall be accompanied by a fee payable to the state treasurer in an amount of not less than \$50 and not more than \$300, which fee is to be charged for preliminary inspection prior to continuous inspection, and assessments over \$50 are to be determined by charging \$1 for each farm over 50, but shall not exceed \$300 if more than 300 farms are inspected; provided that, if the plant and farms are accepted for continuous inspection, this charge shall be made only once. If the preliminary inspection discloses that the processor is eligible for use of the Grade A label on products and before the processor so labels said products, the processor shall apply for continuous inspection on a form furnished by the commissioner and shall hold a Grade A permit. Such application shall be accompanied by a fee of not less than \$100 nor more than \$500 per plant and of not less than \$15 nor more than \$50 per farm, said fee to be paid annually. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than \$500. For Grade A farm inspection service, the fee must be no more than \$66 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring a reinspection in addition to the required biannual inspections, an additional fee of no more than \$33.00 per reinspection must be paid by the processor or by the marketing organization on behalf of its patrons. If The commissioner deems it necessary to more nearly shall establish fees sufficient to meet 50 percent of the cost of the service, the commissioner may annually adjust the assessments within the limits set herein. No fee increase may be implemented until after the commissioner has held three or more public hearings.

Sec. 2. Minnesota Statutes 1986, section 32.394, subdivision 8b, is amended to read:

Subd. 8b. [MANUFACTURING GRADE FARM CERTIFICATION.] A processor or marketing organization of milk, milk products, sheep milk, or goat milk, other than Grade A, who wishes to



obtain market other than Grade A milk must apply for a manufacturing grade farm certification, shall make a request to inspection from the commissioner for a farm certification inspection. A processor who requests and receives a farm certification inspection shall pay a fee to the commissioner for the certification of the milk supply. A manufacturing plant that pasteurizes milk or milk byproducts must pay an annual fee based on the number of pasteurization units. This fee must not exceed \$140 per unit. The fee for farm certification inspection must not be more than \$33.00 per farm to be paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring more than the one annual inspection required for certification, an additional fee of no more than \$27.50 must be paid by the processor or by the marketing organization on behalf of its patrons. The fee shall be set by the commissioner in an amount necessary to meet 50 percent of the cost of the service for farm certification, which fee shall not exceed 50 percent of the fees charged for Grade A permits. No fee increase may be implemented until after the commissioner has held three or more public hearings.

Sec. 3. Minnesota Statutes 1986, section 32.394, subdivision 9, is amended to read:

Subd. 9. [PAYMENTS; REFUNDS; DISPOSITION.] The amount of such assessments shall be Fees are payable by the a processor on or before or marketing organization by July 1, of each year for Grade A, and by January 1 of each year for manufacturing grade, and if not paid on or before July 31, following within 30 days of the due date, the service shall must be discontinued, and permission to market manufacturing grade or Grade A milk or milk products or use the Grade A label shall must be withdrawn; provided, that such. A processor may terminate such payment and such service without loss of the Grade A label if written notice of such that intention is given prior to the due date of the payment of said an assessment and if the continuous inspection of said the plant and farms is assumed by a city whose milk control ordinance is substantially equivalent to Minnesota law and rule and is enforced with equal effectiveness. When such written notice is given by the processor on or before December 31 preceding the due date, that portion of the assessment for the period January 1 through June 30, immediately following, shall be refunded to the processor If a farm discontinues the production of milk within six months of the billing date, a request for a refund based on inspection services not received may be made by the processor or by the marketing organization on behalf of its patrons. This request must be made in writing by July 1 for manufacturing grade, or by December 31 for Grade A, and on approval by the commissioner refunds must be made to the processor or marketing organization.

The fees for services performed by the activities of this section shall must be deposited in the state treasury and shall constitute a

separate account to be known as the milk inspection service account, which is hereby created, set aside, and appropriated as a revolving fund to be used to help to defray the cost of administration, refunds and expenses of the preliminary and continuous milk inspection services and shall be in addition to and not in substitution for the sums appropriated or otherwise made available for this purpose to the department of agriculture. There shall be appropriated additional funds to equal or exceed the amounts collected as fees under this section to support the milk inspection program.

#### ARTICLE 14

A resolution memorializing the President and Congress to provide fair treatment for dairy farmers.

*Whereas*, the family farm system has proven to be the means of food production best able to supply an ever expanding demand for food and at the same time to provide for the long-term, wide-based social, economic, and environmental concerns of our state; and

*Whereas*, the benefits of a healthy family farm system are shared by all citizens; and

*Whereas*, corporate agriculture, especially corporate dairy operations cannot be sensitive to the local needs of a richly diversified rural economy; *Now, Therefore*,

*Be It Resolved*, by the legislature of the State of Minnesota that Congress should enact legislation to establish price supports for dairy products at 80 percent of parity for up to 600,000 pounds of production per farm unit per year; that this level be adjusted semiannually; and that there be limits set on the importation of dairy products and substitutes including casein; and

*Be It Further Resolved*, that reductions in the support price for milk currently scheduled to take effect during 1987 and 1988 not be implemented; and

*Be It Further Resolved*, that the United States Department of Agriculture be instructed to remove regional differentials in the support price of Grade "A" milk which unfairly disadvantage Upper Midwest dairy farmers; and

*Be It Further Resolved*, that the Secretary of State of Minnesota be instructed to transmit copies of this resolution to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, to the Minnesota Senators and Representatives in Congress, and to the members of the United States Senate Agriculture and the United States House Agriculture Committees.

## ARTICLE 15

## Section 1. [CITATION.]

Sections 1 to 6 may be cited as the "wild rice industry preservation act of 1987."

## Sec. 2. [FINDINGS; PURPOSE.]

The Minnesota wild rice industry is critically important to the state's long-term economic growth and stability, providing employment opportunities as well as national and international recognition for the production of this unique crop. In addition to diversifying and strengthening the agricultural economy of the state, wild rice production areas provide environmental habitats that are conducive to the reproduction of waterfowl, which is another invaluable state resource. Intense competition from wild rice producers in other states now threatens the sustenance and growth of this important industry, because a limited amount of land is available for sale in this state that contains the water necessary for the production of wild rice. It is therefore necessary to take steps to provide sufficient production areas for wild rice farmers in order to preserve this critical industry.

## Sec. 3. [30.30] [WILD RICE LANDS.]

Subdivision 1. [SELECTION OF WILD RICE LANDS TO BE SOLD.] (a) The commissioner, in consultation with the commissioner of natural resources and organizations representing the wild rice industry in the state, shall select 2,500 acres of state land each year to be offered for sale to persons intending to produce wild rice. The commissioner shall give priority to land that:

(1) is adjacent to existing wild rice production areas; and

(2) has been requested by a wild rice producer to be sold for wild rice production.

(b) Wild rice land that is part of the school trust fund is exempt from selection for sale to wild rice producers.

(c) Land is not exempt from selection solely because it may be subject to mineral exploration.

Subd. 2. [WILD RICE LANDS TO BE SOLD.] (a) Land selected for wild rice production under subdivision 1 must be offered for sale by September 1 of each year.

(b) All contracts to sell land selected for wild rice production must provide an option for the state to repurchase the parcel at the initial

sales price if at least 50 percent of the parcel sold has not been developed for wild rice production within five years of the sale. The commissioner of natural resources may exercise the option to repurchase a parcel that has not been adequately developed, but must consider the market conditions affecting the supply and demand of wild rice production in the state and in the United States before exercising the option.

Subd. 3. [EXERCISE OF MINERAL RIGHTS.] If the state exercises its reserved mineral rights in land selected and sold under this section, the owner must be compensated by the state for damage to improvements and any impaired ability to grow wild rice caused by the exercise of mineral rights.

Sec. 4. [30.63] [RULES.]

The commissioners of agriculture and natural resources may adopt rules by joint agreement to implement this section.

Sec. 5. Minnesota Statutes 1986, section 92.501, subdivision 2, is amended to read:

Subd. 2. [WILD RICE LAND DESIGNATION AND DEVELOPMENT.] (a) The commissioner of natural resources and the commissioner of agriculture shall, by joint agreement, 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, sale, and leasing in each county. The inventory must include the number of acres suitable for wild rice development that are located on school trust fund lands. Proposed mineral exploration does not exempt land from being designated for wild rice development.

(b) The initial designation plan and inventory must be completed by December 31, 1987, and updated every five years. The designation plan and inventory must be distributed to organizations representing the wild rice industry in the state.

Sec. 6. [FIRST SALE OF SELECTED LANDS.]

Notwithstanding section 3, subdivision 2, the commissioner of natural resources shall complete the first offer and sale of selected wild rice lands by one year after the effective date of this act.

Sec. 7. [REPEALER.]

Sections 1 to 6 are repealed July 1, 1990.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day after final enactment.

## ARTICLE 16

Section 1. Minnesota Statutes 1986, section 297A.257, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION OF DISTRESSED COUNTIES.]  
(a) The commissioner of energy and economic development shall annually on June 1 designate those counties which are distressed. A county is distressed if it satisfies either of the following two criteria:

(1) The county has an average unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; or

(2) the unemployment rate for the entire county was greater than 110 percent of the state average for the 12-month period ending the previous April 30, and 20 percent or more of the county's economy, as determined by the commissioner of jobs and training, is dependent upon agriculture. At least 15 percent of all employment within a county is "farm employment." For purposes of this clause, "farm employment" consists of self-employed farmers and their employees. In making the designation under this clause, the commissioner must use the most recent data available from the United States Department of Commerce, Bureau of Economic Analysis.

If, as a result of a plant closing, layoffs or another similar event affecting a significant number of employees in the county, the commissioner has reason to believe that the average unemployment in the county will exceed ten percent during the one-year period beginning April 30, the commissioner may designate the county as distressed, notwithstanding clause (1).

(b) The commissioner shall designate a portion of a county containing a city of the first class located outside of the metropolitan area as a distressed county if:

(1) that portion of the county has an unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; and

(2) that portion of the county has a population of at least 50,000 as determined by the 1980 federal census.

(c) A county or the portion of a county designated pursuant to this subdivision shall be considered a distressed county for purposes of this section and chapter 116M.

(d) Except as otherwise specifically provided, the determination of whether a county is distressed must be made using the most current data available from the state demographer. The designation of a distressed county is effective for the 12-month period beginning July 1. A county may be designated as distressed as often as it qualifies.

(e) The authority to designate counties as distressed expires on June 30, 1989."

Amend the title accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1156, A bill for an act relating to Traverse county; allowing a property tax levy for the county agricultural society.

Reported the same back with the following amendments:

Page 1, lines 7 and 8, delete ", by a four-fifths vote,"

Page 1, line 12, before the period insert "except that the property taxes levied pursuant to this section shall be included within the levy limitations under sections 275.50 to 275.56"

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1172, A bill for an act relating to game and fish; clarifying and making technical changes in the game and fish laws; recodifying establishment of the wild rice management account; defining enforcement officer; defining brown trout as a game fish; defining an unloaded firearm; allowing the commissioner to use the game and fish fund for activities of the enforcement division; designating notices to be placed on state park and wildlife management area boundaries; changing the expiration date for muskrat farm licenses; removing certain restrictions on the size of shooting preserves; prescribing violations of hunting while under the influence of alcohol or a controlled substance; providing when license must be in personal possession; allowing more than one license,

except a big game license, to be issued in a license year; exempting big game licenses from certain types of license revocations; prescribing submission of annual reports for tanners, fur dealers, and taxidermists; providing a nonresident under age 16 may purchase a nonresident fishing license and take and possess fish; prescribing conditions for oath administration; eliminating certain requirements for wild animals that are gifts; allowing a person to transport more than one big game animal; eliminating certain restrictions on transporting big game animals; prohibiting a person from trespassing to retrieve wounded game after being notified; allowing a person to ship more than one fish with a permit; prescribing permission needed to take wild animals in certain areas; allowing possession of shotgun and certain shells in areas where deer may be taken; allowing persons to take raccoons with lights and firearms at night; clarifying that a small game license is not required to pursue and tree raccoons during the closed season; authorizing the commissioner to restrict the taking of pine marten and opossum; eliminating requirement for a license and seals to take beaver damaging property; prescribing when certain devices to take fish may be possessed; amending Minnesota Statutes 1986, sections 97A.015, subdivisions 18, 25, 43, 45, and 51; 97A.055, subdivision 1; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.085, subdivisions 5 and 7; 97A.111, subdivisions 2 and 7; 97A.115, subdivision 3; 97A.135, subdivision 1; 97A.201, subdivision 1; 97A.211, subdivisions 1 and 2; 97A.221, subdivision 1; 97A.311, subdivision 4; 97A.315, subdivision 2; 97A.325, subdivision 1; 97A.331, subdivision 1; 97A.405, subdivision 2; 97A.415, subdivision 1; 97A.421, subdivision 1; 97A.425, subdivision 3; 97A.445, subdivision 3; 97A.451, subdivisions 1 and 5; 97A.475, subdivision 7; 97A.481; 97A.505, subdivisions 4 and 5; 97A.535, subdivisions 3 and 4; 97A.545, subdivision 4; 97A.551, subdivision 3; 97B.001, subdivisions 3, 5, and 7; 97B.041; 97B.061; 97B.065; 97B.081, subdivision 1; 97B.601, subdivision 4; 97B.605; 97B.635; 97B.655, subdivision 2; 97C.345, subdivisions 2 and 3; repealing Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.121, subdivision 5; 97A.255, subdivision 3; 97A.461; 97A.505, subdivisions 1, 3, and 6; proposing coding for new law in Minnesota Statutes, chapter 84.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

##### Section 1. [84.0911] [WILD RICE MANAGEMENT ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The wild rice management account is established as an account in the state treasury.

Subd. 2. [RECEIPTS.] Money received from the sale of wild rice licenses issued by the commissioner under section 84.091, subdivision 3, clauses (1) and (3), shall be credited to the wild rice management account.

Subd. 3. [USE OF MONEY IN ACCOUNT.] (a) Money in the wild rice management account shall be used by the commissioner for management of designated public waters to improve natural wild rice production.

(b) Money that is not appropriated from the wild rice management account does not cancel but shall remain in the wild rice management account until appropriated.

Sec. 2. Minnesota Statutes 1986, section 97A.015, subdivision 18, is amended to read:

Subd. 18. [ENFORCEMENT OFFICER.] "Enforcement officer" means the commissioner, the director of the enforcement division, a conservation officer, or a game refuge manager.

Sec. 3. Minnesota Statutes 1986, section 97A.015, subdivision 25, is amended to read:

Subd. 25. [GAME FISH.] "Game fish" means walleye, sauger, yellow perch, channel catfish, flathead catfish; members of the pike family, Esocidae, including muskellunge and northern pike; members of the sunfish family, Centrarchidae, including largemouth bass, smallmouth bass, sunfish, rock bass, white crappie, black crappie, members of the temperate bass family, Percichthyidae, including white bass and yellow bass; members of the salmon and trout subfamily, Salmoninae, including Atlantic salmon, chinook salmon, coho salmon, pink salmon, kokanee salmon, lake trout, brook trout, brown trout, rainbow (steelhead) trout, and splake; members of the paddlefish family, Polyodontidae; members of the sturgeon family, Acipenseridae, including lake sturgeon, and shovelnose sturgeon. "Game fish" includes hybrids of game fish.

Sec. 4. Minnesota Statutes 1986, section 97A.015, subdivision 43, is amended to read:

Subd. 43. [ROUGH FISH.] "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, burbot, eisee cisco, gar, goldeye, and bullhead.

Sec. 5. Minnesota Statutes 1986, section 97A.015, subdivision 45, is amended to read:

Subd. 45. [SMALL GAME.] "Small game" means game birds, gray squirrel, fox squirrel, cottontail rabbit, snowshoe hare, jack rabbit,



raccoon, lynx, bobcat, red fox and gray fox, fisher, pine marten, ~~opossum~~ opossum, badger, cougar, wolverine, muskrat, mink, otter, and beaver.

Sec. 6. Minnesota Statutes 1986, section 97A.015, subdivision 51, is amended to read:

Subd. 51. [UNLOADED.] "Unloaded" means, with reference to a firearm, without ammunition in the barrels and magazine, if the magazine is in the firearm. A muzzle loading firearm with a flintlock ignition is unloaded if it does not have priming powder in a pan. A muzzle loading firearm with percussion ignition is unloaded if it does not have a percussion cap on a nipple.

Sec. 7. Minnesota Statutes 1986, section 97A.055, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The game and fish fund is established as a fund in the state treasury. The money in the fund is annually appropriated to the commissioner for the activities of the division of fish and wildlife and the division of enforcement.

Sec. 8. Minnesota Statutes 1986, section 97A.065, subdivision 2, is amended to read:

Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of the game and fish laws, sections 84.09 to 84.15, and 84.81 to 84.88, chapter ~~34B~~ 348, and any other law relating to wild animals, and aquatic vegetation must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraph (b).

(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.

Sec. 9. Minnesota Statutes 1986, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivision 2, clauses (4) and (5) and subdivision 3, clauses (2) and (3).

(b) At least \$2 from each deer license shall be used for deer habitat improvement.

(c) At least \$1 from each resident deer license and each resident bear license shall be used for deer and bear management programs, including a computerized licensing system.

Sec. 10. Minnesota Statutes 1986, section 97A.085, subdivision 5, is amended to read:

Subd. 5. [SPECIES GAME REFUGE FOR SPECIFIED GAME.] The commissioner may, by order, designate a species game refuge for only specified species. The game refuge must be posted accordingly.

Sec. 11. Minnesota Statutes 1986, section 97A.085, subdivision 7, is amended to read:

Subd. 7. [GAME REFUGE BOUNDARY POSTING.] (a) The designation of a state game refuge is not effective until the boundary has been posted with notices that measure at least 12 inches. ~~The notices posted on state park boundaries must have black letters on a yellow background stating that the area is a state park. The notices on other game refuges must have black letters on a white background stating that the area is a state game refuge.~~

(b) The notices must be posted at intervals of not more than 500 feet or less along the boundary. The notices must also be posted at all public road entrances to the refuges, except where the boundary is also an international or state boundary in public waters. Where the boundary of a refuge extends more than 500 feet continuously through a body of water, instead of placing notices in the water, notices with the words, "Adjacent Waters Included," may be placed on the shoreline at the intersection of the boundary and the water 20 feet or less above the high water mark and at intervals of 500 feet or less along the shoreline.

(c) A certification by the commissioner or the director, or a certification filed with the commissioner or director by a conservation officer, refuge supervisor, or other authorized officer or employee, stating that the required notices have been posted is prima facie evidence of the posting.

Sec. 12. Minnesota Statutes 1986, section 97A.111, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF LICENSE.] (a) The commissioner shall investigate the application filed and may require the applicant to produce evidence of the facts stated. The commissioner shall issue a muskrat farm license to an applicant if the commissioner determines that:

(1) the applicant is the owner of the land;

(2) the applicant intends to establish and operate a muskrat farm; and

(3) the establishment of a muskrat farm in the proposed area will conserve the natural resources.

(b) The license must describe the land and certify that the licensee is entitled to use the land to breed, raise, trap, and trade muskrats. The license expires on December 31 each year but may be renewed annually at the discretion of the commissioner upon payment of the license fee.

Sec. 13. Minnesota Statutes 1986, section 97A.111, subdivision 7, is amended to read:

Subd. 7. [ANNUAL REPORT.] By March 1 31 of each year, the licensee must submit a signed report to the commissioner covering the preceding calendar license year. The report must be completed on a form furnished by the commissioner stating the license number, the number and value of muskrats killed, transported, and sold from the muskrat farm, and other information required by the commissioner.

Sec. 14. Minnesota Statutes 1986, section 97A.121, subdivision 5, is amended to read:

Subd. 5. [MARKING HARVESTED GAME.] Harvested game, except ducks that are marked in accordance with regulations of the United States Fish and Wildlife Service, must be tagged with a self-sealing tag, identifying the private shooting preserve. The commissioner shall issue the tags at a cost of 15 cents each. The tag must remain attached on the bird until while the bird is actually prepared for consumption transported.

Sec. 15. Minnesota Statutes 1986, section 97A.135, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC HUNTING AND WILDLIFE AREAS.] (a) The commissioner or the commissioner of administration shall acquire and improve land for public hunting, game refuges, and food and cover planting. The land may be acquired by a gift, lease, easement, purchase, or condemnation. At least two-thirds of the total area acquired in a county must be open to public hunting. The commissioner may designate land acquired under this subdivision as a wildlife management area for the purposes of the outdoor recreation system.

(b) The commissioner of administration may transfer money to the commissioner for acquiring wetlands wildlife lands to qualify for Pittman-Robertson funds. The transferred money is reappropriated to the commissioner for the wetland wildlife land acquisition.

Sec. 16. Minnesota Statutes 1986, section 97A.201, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT BY THE COMMISSIONER.] The commissioner shall execute and enforce the laws relating to wild animals. The commissioner may delegate execution and enforcement of the wild animal laws to the director, game refuge managers, and conservation enforcement officers.

Sec. 17. Minnesota Statutes 1986, section 97A.211, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO APPEAR IN COURT.] (a) A person must be given notice to appear in court for a misdemeanor violation of the game and fish laws, chapter 84, 105, or ~~106~~ 106A, or section 609.68 if:

(1) the person is arrested and is released from custody prior to appearing before a court; or

(2) the person is subject to a lawful arrest and is not arrested because it reasonably appears to the enforcement officer that arrest is unnecessary to prevent further criminal conduct and that there is a substantial likelihood that the person will respond to a notice.

(b) The enforcement officer shall prepare, in quadruplicate, a written notice to appear in court. The notice must be in the form and has the effect of a summons and complaint. The notice must contain the name and address of the person charged, the offense, and the time and the place to appear in court. The court must have jurisdiction within the county where the offense is alleged to have been committed.

Sec. 18. Minnesota Statutes 1986, section 97A.211, subdivision 2, is amended to read:

Subd. 2. [RELEASE AFTER ARREST.] A person arrested for a misdemeanor violation of the game and fish laws, chapter 84, 105, or ~~106~~ 106A or section 609.68 may obtain release by signing the written notice prepared by the arresting officer promising to appear in court. The officer shall deliver a copy marked "SUMMONS" to the person arrested. The officer must then release the person from custody.

Sec. 19. Minnesota Statutes 1986, section 97A.221, subdivision 1, is amended to read:

Subdivision 1. [PROPERTY SUBJECT TO CONFISCATION.] (a) An enforcement officer may confiscate:

(1) wild animals, wild rice, and other aquatic vegetation taken, bought, sold, transported, or possessed in violation of the game and fish laws or chapter 84; and

(2) firearms, bows and arrows, nets, boats, lines, poles, fishing rods and tackle, lights, lanterns, snares, traps, spears, dark houses, fish houses, and wild rice harvesting equipment that are used, with the owner's knowledge to unlawfully take or transport wild animals, wild rice, or other aquatic vegetation.

(b) An enforcement officer must confiscate nets and equipment unlawfully possessed within ten miles of Lake of the Woods or Rainy Lake.

(c) Confiscated property may be disposed of, retained for use by the division, or sold at the highest price obtainable as prescribed by the commissioner.

Sec. 20. Minnesota Statutes 1986, section 97A.255, subdivision 2, is amended to read:

Subd. 2. [BURDEN OF PROOF.] In a prosecution that alleges animals have been taken, bought, sold, transported, or possessed in violation of the game and fish laws, the burden of establishing that the animals were domesticated, reared in a private preserve, raised in a private fish hatchery, taken for scientific purposes, or lawfully taken outside of this state, or received as a gift, is on the defendant.

Sec. 21. Minnesota Statutes 1986, section 97A.311, subdivision 4, is amended to read:

Subd. 4. [SUSPENSION OF LICENSE AGENT SUSPENSION.] In addition to other penalties, a license agent that violates a law, rule, or order of the commissioner relating to license sales, handling, or accounting forfeits the right to sell and handle licenses for a period of one year.

Sec. 22. Minnesota Statutes 1986, section 97A.315, subdivision 2, is amended to read:

Subd. 2. [LICENSE REVOCATIONS.] (a) If a person is convicted under subdivision 1 of trespassing under subdivision 1 while exercising or attempting to exercise an activity licensed under the game

and fish laws or requiring snowmobile registration under section 84.82, the applicable license and registration are null and void.

(b) A person convicted of a gross misdemeanor under subdivision 1, paragraph (b), may not be issued a license to take game for two years after the conviction.

Sec. 23. Minnesota Statutes 1986, section 97A.325, subdivision 1, is amended to read:

**Subdivision 1. [GROSS MISDEMEANOR FOR SALES OF \$300 OR MORE.]** (a) A person that buys or sells protected wild animals in violation of the game and fish laws where the sales total \$300 or more is guilty of a gross misdemeanor. The person is subject to the penalty in section ~~97A.301~~ 97A.301, subdivision 2, except that the fine is may not be less than \$3,000 or more than \$10,000.

(b) Licenses possessed by a person convicted under this subdivision are null and void and the person may not take wild animals for three years after the conviction.

Sec. 24. Minnesota Statutes 1986, section 97A.331, subdivision 1, is amended to read:

**Subdivision 1. [HUNTING WHILE INTOXICATED OR USING NARCOTIC DRUGS UNDER THE INFLUENCE OF ALCOHOL OR A CONTROLLED SUBSTANCE.]** A person that violates a the provision of section 97B.065 relating to hunting while visibly intoxicated or under the influence of alcohol or a narcotic drug under section 97B.065, controlled substance is guilty of a gross misdemeanor.

Sec. 25. Minnesota Statutes 1986, section 97A.405, subdivision 2, is amended to read:

**Subd. 2. [PERSONAL POSSESSION.]** A person to whom a license is issued must have the license in personal possession while acting under the license and while traveling ~~to and~~ from the area where the licensed activity is performed. If possession of a license is required, a person must exhibit the proper license when requested by a conservation officer or peace officer. A receipt for license fees, a copy of a license, or evidence showing the issuance of a license does not entitle a licensee to exercise the rights or privileges conferred by a license.

Sec. 26. Minnesota Statutes 1986, section 97A.415, subdivision 1, is amended to read:

**Subdivision 1. [ONE LICENSE PER PERSON.]** Only one trap-ping and big game license of each kind may be issued to a person in

a license year, except the nonresident short term angling license, unless authorized by commissioner's order.

Sec. 27. Minnesota Statutes 1986, section 97A.421, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) The license of a person convicted of a violation of the game and fish laws relating to the license or wild animals covered by the license is void when:

(1) a second conviction occurs within three years under a license to take small game or to take fish by angling or spearing;

(2) a third conviction occurs within one year under a minnow dealer's license; or

(3) the conviction occurs under a license not described in clause (1) or (2).

(b) Except for big game licenses and as otherwise provided in this section, and for one year after the conviction, the person may not obtain that the kind of license relating to the game and fish law violation.

Sec. 28. Minnesota Statutes 1986, section 97A.425, is amended to read:

97A.425 [RECORD AND REPORTING REQUIREMENTS FOR DEALERS, TANNERS, AND TAXIDERMISTS.]

Subdivision 1. [REQUIREMENT.] A person required to have a license under the game and fish laws to buy or sell wild animals, to tan or dress raw furs, or to mount specimens of wild animals, must keep complete records in a book of all transactions and activities covered by the license and submit reports to the commissioner.

Subd. 2. [RECORDS.] (a) The records must show:

(1) the names and addresses of persons from whom wild animals were obtained and to whom they were transferred;

(2) the dates of receipt, shipment, and sale of wild animals;

(3) detailed descriptions of the number and type of wild animals purchased, sold, and shipped;

(4) serial numbers of seals, tags, or permits required to be attached to the wild animals; and

(5) trapping license numbers for protected fur-bearing animals, unless the trapper is exempt from the license requirement, which must be noted.

(b) A licensed fur dealer, buying for one employer at the employer's place of business is not required to keep separate records if the employer notifies the commissioner in writing that the employer will account for the fur dealer.

(c) The records required under this section must be available for inspection by the commissioner, the director, or their agents at all reasonable times. The records must be preserved and available for two years after the expiration of a license that required them.

(d) Records required of persons licensed to buy or sell wild animals, or to tan or dress raw furs, must be kept in a book supplied by the commissioner.

Subd. 3. [REPORTS.] Except for persons licensed to mount specimens of wild animals, an annual ~~notarized~~ report covering the preceding calendar license year must be submitted to the commissioner by ~~January~~ March 15. The commissioner may require other reports for statistical purposes. The reports must be on forms supplied by the commissioner.

Sec. 29. Minnesota Statutes 1986, section 97A.445, subdivision 3, is amended to read:

Subd. 3. [ANGLING AND SPEARING; DISABLED RAILROAD AND POSTAL RETIREES.] A license is not required to take fish by angling or spearing for a resident that is:

(1) receiving aid under the federal Railroad Retirement Act of 1937, United States Code ~~Annotated~~, title 45, section 228b(a)5; or

(2) a former employee of the United States Postal Service receiving disability pay under United States Code ~~Annotated~~, title 4, section 8337.

Sec. 30. Minnesota Statutes 1986, section 97A.451, subdivision 1, is amended to read:

Subdivision 1. [RESIDENTS OVER AGE 65; FISHING.] A resident age 65 or over may take fish by angling or spearing without a license if the resident has a valid driver's license, Minnesota identification card, or other document showing age and residency in possession while taking fish and while traveling ~~to and~~ from the location where fish are taken. The person must exhibit the proof of age at the request of a conservation officer or peace officer.



Sec. 31. Minnesota Statutes 1986, section 97A.451, subdivision 5, is amended to read:

Subd. 5. ~~[NONRESIDENTS UNDER AGE 16; FISHING WITH PARENTS.]~~ A nonresident under the age of 16 may take fish by angling without a license if a parent or guardian has a ~~nonresident~~ fishing license. Fish taken by a nonresident under the age of 16 without a license must be included in the limit of the parent or guardian. A nonresident under age 16 may purchase a nonresident fishing license, take fish by angling, and possess a limit of fish.

Sec. 32. Minnesota Statutes 1986, section 97A.475, subdivision 7, is amended to read:

Subd. 7. ~~[NONRESIDENT FISHING.]~~ Fees for the following licenses, to be issued to nonresidents, shall be

- (1) to take fish by angling, \$16;
- (2) to take fish by angling limited to seven consecutive days, \$13;
- (3) to take fish by angling for three consecutive days, \$10; and
- (4) to take fish by angling for a combined license for a family, \$27.50.

Sec. 33. Minnesota Statutes 1986, section 97A.481, is amended to read:

#### 97A.481 [LICENSE APPLICATIONS UNDER OATH.]

All information required on a license application form must be furnished. The application must be made in writing and under oath. ~~A person authorized to issue licenses has the authority to administer oaths to applicants, and a license may not be issued without actually administering the oath.~~

Sec. 34. Minnesota Statutes 1986, section 97A.505, subdivision 4, is amended to read:

Subd. 4. ~~[STORAGE OF PROTECTED WILD ANIMALS.]~~ A person that stores protected wild animals for others must plainly mark the package, in ink, with the name and address of the owner, the license number of the person taking the animal, and the number and species in the package. A person may not use a commercial cold storage warehouse for protected wild animals, except lawfully taken fish and furs.

Sec. 35. Minnesota Statutes 1986, section 97A.505, subdivision 5, is amended to read:

Subd. 5. [LICENSE NOT REQUIRED FOR ANIMALS ACQUIRED BY GIFT.] Lawfully taken protected wild animals may be transferred by gift. A person is not required to have a license to possess and transport protected wild animals acquired by gift if the person has written proof as prescribed by the commissioner. If wild animals are transported out of the county where the recipient resides, the recipient must:

(1) ~~attach a tag marked in ink, with the name and address of the owner and the license number of the person taking the animals; or~~

(2) ~~furnish an affidavit showing the name and address of the donor.~~

Sec. 36. Minnesota Statutes 1986, section 97A.535, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION PERIOD RESTRICTED.] A person may transport ~~one~~ deer, ~~one~~ bear, or ~~one~~ moose during the open season and the two days following the season, and afterwards as prescribed by the commissioner.

Sec. 37. Minnesota Statutes 1986, section 97A.535, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION BY PERSON OTHER THAN LICENSEE.] A person other than the licensee may transport deer, bear, or moose that the licensee has registered as prescribed by the commissioner. ~~The person must transport the animal by the most direct route.~~ A tag must be attached to the animal and marked in ink with the address, license number, signature of the licensee, and the locations from which and to which the animal is being transported.

Sec. 38. Minnesota Statutes 1986, section 97A.545, subdivision 4, is amended to read:

Subd. 4. [UNDRESSED GAME BIRDS TAKEN IN ADJACENT STATES OUTSIDE OF THIS STATE.] (a) A person may transport into the state ~~ressed~~ undressed game birds that are lawfully taken and possessed in ~~adjacent states~~ outside of this state.

(b) A resident may ship the undressed game birds by common carrier within the state. A nonresident may ship the undressed game birds out of the state by common carrier. Each shipment must be tagged or sealed by a conservation officer as prescribed by the commissioner.

Sec. 39. Minnesota Statutes 1986, section 97A.551, subdivision 3, is amended to read:

Subd. 3. [SHIPPING ONE FISH TO ANY PERSON.] A person that has a license to take fish may ~~ship one~~ make three shipments of fish in a license year to any person within or out of the state after obtaining a permit for each shipment from the commissioner. A shipment may not contain more than a possession limit of one species of fish per licensee.

Sec. 40. Minnesota Statutes 1986, section 97B.001, subdivision 3, is amended to read:

Subd. 3. [ENTERING LAND PROHIBITED AFTER NOTICE.] Except as provided in ~~subdivisions 5 and~~ subdivision 6, a person may not enter any land to take a wild animal after being notified not to do so orally by the owner, occupant, or lessee.

Sec. 41. Minnesota Statutes 1986, section 97B.001, subdivision 5, is amended to read:

Subd. 5. [RETRIEVING WOUNDED GAME FROM AGRICULTURAL LAND.] Except as provided in subdivision 3, a hunter, on foot, may retrieve wounded game, during the open season for the game, from agricultural land that is not posted under subdivision 4, without permission of the landowner. The hunter must leave the land immediately after retrieving the wounded game.

Sec. 42. Minnesota Statutes 1986, section 97B.001, subdivision 7, is amended to read:

Subd. 7. [TAKING WITH FIREARMS IN CERTAIN AREAS.] (a) A person may not take a wild animal with a firearm within 500 feet of a building occupied by a human or livestock without the written permission of the owner or occupant:

(1) on another person's private agricultural land; or

(2) on a public right-of-way.

(b) A person may not take a wild animal with a firearm without the written permission of the owner within 500 feet of a stockade or corral containing livestock.

(c) A person may not take a wild animal with a firearm:

(1) on land other than agricultural land within 200 feet of a building occupied by a human without the oral permission of the owner or occupant of the building; or

(2) ~~within 500 feet of a burning area.~~

Sec. 43. Minnesota Statutes 1986, section 97B.041, is amended to read:

**97B.041 [POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.]**

A person may not possess a firearm or ammunition outdoors during the period beginning the tenth day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:

(1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) ~~a~~ an unloaded firearm that is unloaded and in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and only shells containing No. 4 buckshot or smaller diameter lead shot or steel shot;

(4) a handgun or rifle and only short, long, and long rifle cartridges that are caliber of .22 inches;

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner.

Sec. 44. Minnesota Statutes 1986, section 97B.061, is amended to read:

**97B.061 [REPORTS AND RECORDS.]**

If requested by the commissioner, a person who has taken game must submit a report to the commissioner on a furnished form before ~~February 1~~ March 15, stating the number and kind of each game animal taken during the preceding ~~calendar~~ license year.

Sec. 45. Minnesota Statutes 1986, section 97B.065, is amended to read:

**97B.065 [HUNTING WHILE INTOXICATED OR USING NARCOTICS PROHIBITED UNDER THE INFLUENCE OF ALCOHOL OR A CONTROLLED SUBSTANCE.]**

A person may not take protected wild animals with a firearm or by archery while ~~visibly intoxicated or~~ under the influence of ~~narcotics~~ alcohol or a controlled substance.

Sec. 46. Minnesota Statutes 1986, section 97B.081, subdivision 1, is amended to read:

Subdivision 1. [WITH FIREARMS AND BOWS.] (a) A person may not cast the rays of a spotlight, headlight, or other artificial light on a highway, or in a field, woodland, or forest, to spot, locate, or take a wild animal, while having in possession, either individually or as one of a group of persons, a firearm, bow, or other implement that could be used to kill big game.

(b) This subdivision does not apply to a firearm that is:

(1) unloaded;

(2) in a gun case expressly made to contain a firearm that fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened without any portion of the firearm exposed; and

(3) in the closed trunk of a motor vehicle.

(c) This subdivision does not apply to a bow that is:

(1) completely encased or unstrung; and

(2) in the closed trunk of a motor vehicle.

(d) If the motor vehicle under paragraph (b) or (c) does not have a trunk, the firearm or bow must be placed in the rearmost location of the vehicle.

(e) This subdivision does not apply to persons taking raccoons under section 97B.621, subdivision 3.

Sec. 47. Minnesota Statutes 1986, section 97B.601, subdivision 4, is amended to read:

Subd. 4. [EXCEPTION TO LICENSE REQUIREMENTS.] (a) A resident under age 16 may take small game without a small game license, and a resident under age 13 may trap without a trapping license, as provided in section 97A.451, subdivision 3.

(b) A person may take small game without a small game license on land occupied by the person as a principal residence.

(c) An owner or occupant may take certain small game causing damage without a small game or trapping license as provided in section 97B.655.

(d) A person may use dogs to pursue and tree raccoons under section 97B.621, subdivision 2, during the closed season without a license.

Sec. 48. Minnesota Statutes 1986, section 97B.605, is amended to read:

**97B.605 [COMMISSIONER MAY RESTRICT TAKING OF CERTAIN SMALL GAME ANIMALS.]**

The commissioner may prescribe restrictions on and designate areas where gray and fox squirrels, cottontail and jack rabbits, snowshoe hare, raccoon, lynx, bobcat, red fox and gray fox, fishers, fisher, pine marten, opossum, and badger may be taken and possessed.

Sec. 49. Minnesota Statutes 1986, section 97B.635, is amended to read:

**97B.635 [FISHER; BADGER; ~~OPPOSSUM~~ OPOSSUM; AND PINE MARTEN.]**

Based upon population estimates, the commissioner may set the open season for fisher, badger, ~~oppossum~~ opossum, and pine marten.

Sec. 50. Minnesota Statutes 1986, section 97B.655, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PERMIT FOR TAKING PROTECTED WILD ANIMALS.] The commissioner may issue special permits under section 97A.401, subdivision 5, to take protected wild animals that are damaging property. ~~A person must have the required license and seals to take beaver under the permit.~~

Sec. 51. Minnesota Statutes 1986, section 97B.701, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED METHODS OF TAKING.] A person may not take protected birds:

- (1) with a trap, net, or snare;
- (2) using bird lime;
- (3) with a swivel or set gun; or

(4) by dragging a rope, wire, or other device across a field; or

(5) by using fire.

Sec. 52. Minnesota Statutes 1986, section 97C.345, subdivision 2, is amended to read:

Subd. 2. [POSSESSION.] (a) Except as specifically authorized, a person may not possess a spear, fish trap, net, dip net, seine, or other device capable of taking fish on or near any waters. Possession includes personal possession and in a vehicle.

(b) A person may possess spears, dip nets, bows and arrows, and spear guns allowed under section 97C.381 on or near waters between sunrise and sunset ~~after April 30~~ between May 1 and February 15.

Sec. 53. Minnesota Statutes 1986, section 97C.345, subdivision 3, is amended to read:

Subd. 3. [DIP NETS.] A person may possess and use a dip net between one hour before sunrise and one hour after sunset ~~after April 30~~ between May 1 and February 15.

Sec. 54. [REPEALER.]

Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.255, subdivision 3; 97A.505, subdivisions 1, 3, and 6; and 97A.551, subdivision 1, are repealed.

## ARTICLE 2

### CROSS REFERENCE AMENDMENTS

Section 1. Minnesota Statutes 1986, section 84.0894, is amended to read:

84.0894 [ENFORCEMENT OF AQUATIC PLANTS AND ENDANGERED SPECIES.]

An enforcement officer shall enforce a violation of ~~Laws 1986, chapter 386, article 4, sections 9 to 13~~ 84.0895, 84.091, 84.092, 84.093, and 84.152 in the same manner as a violation of the game and fish laws.

Sec. 2. Minnesota Statutes 1986, section 84.928, subdivision 7, is amended to read:

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. 3. Minnesota Statutes 1986, section 84.944, subdivision 1, is amended to read:

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 84.0895;

(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.

Sec. 4. Minnesota Statutes 1986, section 84.944, subdivision 2, is amended to read:

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, 101.42, subdivision 9, or 101.475~~ sections 97A.101, 97A.125, 97C.001, 97C.011, and 97C.021.

Sec. 5. Minnesota Statutes 1986, section 84.944, subdivision 3, is amended to read:

Subd. 3. [COUNTY ACQUISITION APPROVAL.] The commissioner must follow the procedures under section 97.481 97A.145,



subdivision 2, for critical natural habitat acquired under this section.

Sec. 6. Minnesota Statutes 1986, section 85.41, subdivision 2, is amended to read:

Subd. 2. [LICENSE AGENTS.] County auditors are appointed agents of the commissioner for the sale of annual cross country ski licenses and daily permits. A county auditor may appoint subagents within the county or within adjacent counties to sell licenses and permits. Upon appointment the auditor shall notify the commissioner of the name and address of the subagent. The auditor may revoke the appointment of a subagent at any time. Upon demand of the commissioner, the auditor shall revoke a subagent's appointment. The auditor shall furnish license and permit blanks on consignment to any subagent who furnishes a surety bond in favor of the county in an amount at least equal to the value of the blanks to be consigned to that subagent. The county auditor shall be responsible for all blanks issued to, and user fees received by agents, except in St. Louis county or in a county where the county auditor does not retain fees paid for license purposes. In these counties, the responsibilities imposed upon the county auditor are imposed upon the county. The commissioner may promulgate additional rules pursuant to as provided in section 98.50, subdivision 2 97A.485, subdivision 11.

Any resident desiring to sell annual cross country ski licenses and daily permits may either purchase for cash or obtain on consignment license and permit blanks from a county auditor in groups of not less than ten individual blanks. In selling licenses, the resident shall be deemed a subagent of the county auditor and the commissioner, and shall observe all rules promulgated by the commissioner for the accounting and handling of licenses pursuant to section 98.50, subdivision 10 97A.485.

The county auditor shall promptly deposit all monies received from the sale of licenses and permits with the county treasurer, and shall promptly transmit any reports required by the commissioner, plus 96 percent of the price to each annual licensee, exclusive of the issuing fee, for each annual license sold or consigned by the auditor and subsequently sold to a licensee during the accounting period. The county auditor shall retain as a commission four percent of all annual license fees, excluding the issuing fee for licenses consigned to subagents.

Unsold blanks in the hands of any subagent shall be redeemed by the commissioner if presented for redemption within the time prescribed by the commissioner. Any blanks not presented for redemption within the period prescribed shall be conclusively presumed to have been sold, and the subagent possessing the same or to whom they are charged shall be accountable.

Sec. 7. Minnesota Statutes 1986, section 106A.085, subdivision 1, is amended to read:

Subdivision 1. [WARRANTS AND ARRESTS.] ~~The commissioner, director of the fish and game division, game refuge patrol officers, and conservation officers~~ An enforcement officer, as defined in section 97A.015, subdivision 18, may execute and serve warrants, and arrest persons detected in actual violation of sections 106A.005 to 106A.811 as provided in ~~section 97.50, subdivision 1~~ sections 97A.205 and 97A.211.

Sec. 8. Minnesota Statutes 1986, section 106A.401, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER MUST RECOGNIZE DRAINAGE OUTLET PROCEEDINGS WHEN PURCHASING WETLANDS.] If the commissioner purchases wetlands under section ~~97.481~~ 97A.145, the commissioner must recognize that when a majority of landowners or owners of a majority of the land in the watershed, petition for a drainage outlet, the state should not interfere with or unnecessarily delay the drainage proceedings if the proceedings are conducted according to this chapter.

Sec. 9. Minnesota Statutes 1986, section 106A.615, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENTS ON WILDLIFE LANDS TO BE PAID FROM WILDLIFE ACQUISITION FUND.] An assessment against state land acquired for wildlife habitat shall be paid from the wildlife acquisition fund as provided in section ~~97.484~~ 97A.071, subdivision 4.

Sec. 10. Minnesota Statutes 1986, section 144.95, subdivision 4, is amended to read:

Subd. 4. [RESEARCH TRIALS.] Research trials of mosquito management methods and materials are subject to the following laws and rules unless a specific written exemption, license, or waiver is granted; ~~sections 97.48, 97.488, 98.48~~ 84.0895, 84.092, 97A.045, subdivision 1, 105.38, 105.41, and 105.463; and Minnesota Rules, chapters 1505, 6115, 6120, 6134, and 6140.

Sec. 11. Minnesota Statutes 1986, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] Receipts from penalty assessments must be credited to a peace officers training account in the special revenue fund. Money credited to the peace officers training account may be appropriated for but not limited to the following purposes, among others:

(a) Up to ten percent may be provided for reimbursement to board approved skills courses in proportion to the number of students successfully completing the board's skills licensing examination.

(b) Assessments related to violations described in section ~~97.49, subdivision 5~~ 97A.065, subdivision 2, are appropriated to provide peace officer training for persons employed by the commissioner of natural resources who are licensed under section 626.84, subdivision 1, clause (c), and who possess peace officer authority for the purpose of enforcing game and fish laws.

(c) The balance may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214."

Delete the title and insert:

"A bill for an act relating to game and fish; clarifying and making technical changes in the game and fish laws; recodifying establishment of the wild rice management account; defining enforcement officer; defining brown trout as a game fish; defining an unloaded firearm; allowing the commissioner to use the game and fish fund for activities of the enforcement division; designating notices to be placed on state park and wildlife management area boundaries; changing the expiration date for muskrat farm licenses; removing certain restrictions on the size of shooting preserves; prescribing violations of hunting while under the influence of alcohol or a controlled substance; providing when license must be in personal possession; allowing more than one license, except a big game license, to be issued in a license year; exempting big game licenses from certain types of license revocations; prescribing submission of annual reports for tanners, fur dealers, and taxidermists; providing a nonresident under age 16 may purchase a nonresident fishing license and take and possess fish; prescribing conditions for oath administration; eliminating certain requirements for wild animals that are gifts; allowing a person to transport more than one big game animal; eliminating certain restrictions on transporting big game animals; prohibiting a person from trespassing to retrieve wounded game after being notified; allowing a person to ship more than one fish with a permit; prescribing permission needed to take wild animals in certain areas; allowing possession of shotgun and certain shells in areas where deer may be taken; allowing persons to take raccoons with lights and firearms at night; clarifying that a small game license is not required to pursue and tree raccoons during the closed season; authorizing the commissioner to restrict the taking of pine marten and opossum; eliminating requirement for a license and seals to take beaver damaging property; prescribing when certain devices to take fish may be possessed; amending

Minnesota Statutes 1986, sections 84.0894; 84.928, subdivision 7; 84.944, subdivisions 1, 2, and 3; 85.41, subdivision 2; 97A.015, subdivisions 18, 25, 43, 45, and 51; 97A.055, subdivision 1; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.085, subdivisions 5 and 7; 97A.111, subdivisions 2 and 7; 97A.121, subdivision 5; 97A.135, subdivision 1; 97A.201, subdivision 1; 97A.211, subdivisions 1 and 2; 97A.221, subdivision 1; 97A.255, subdivision 2; 97A.311, subdivision 4; 97A.315, subdivision 2; 97A.325, subdivision 1; 97A.331, subdivision 1; 97A.405, subdivision 2; 97A.415, subdivision 1; 97A.421, subdivision 1; 97A.425; 97A.445, subdivision 3; 97A.451, subdivisions 1 and 5; 97A.475, subdivision 7; 97A.481; 97A.505, subdivisions 4 and 5; 97A.535, subdivisions 3 and 4; 97A.545, subdivision 4; 97A.551, subdivision 3; 97B.001, subdivisions 3, 5, and 7; 97B.041; 97B.061; 97B.065; 97B.081, subdivision 1; 97B.601, subdivision 4; 97B.605; 97B.635; 97B.655, subdivision 2; 97B.701, subdivision 2; 97C.345, subdivisions 2 and 3; 106A.085, subdivision 1; 106A.401, subdivision 1; 106A.615, subdivision 6; 144.95, subdivision 4; and 626.861, subdivision 4; repealing Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.255, subdivision 3; 97A.505, subdivisions 1, 3, and 6; 97A.551, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1302, A bill for an act relating to Itasca county; permitting the county to levy a tax for economic development.

Reported the same back with the following amendments:

Page 1, delete lines 11 and 12 and insert “is subject to the general limits on”

Page 1, line 14, delete “or other law”

Pages 1 and 2, delete section 2

Page 2, line 18, delete “3” and insert “2”

With the recommendation that when so amended the bill pass.

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. Nos. 508, 867, 1078, 1156, 1172 and 1302 were read for the second time.

**INTRODUCTION AND FIRST READING  
OF HOUSE BILLS**

The following House Files were introduced:

Schreiber, Voss, Morrison, Minne and Pauly introduced:

H. F. No. 1640, A bill for an act relating to tax levy; abolishing certain mill rate or limitation adjustments; amending Minnesota Statutes 1986, sections 124A.02, subdivision 3a; and 475.53, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 275; repealing Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49.

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

Begich, McEachern, Kinkel, Simoneau and Bishop introduced:

H. F. No. 1641, A bill for an act relating to consumer protection; requiring motor vehicle manufacturers to supply a temporary replacement vehicle or to reimburse vehicle owners for rental car expenses under certain circumstances; providing an expedited civil remedy; amending Minnesota Statutes 1986, section 325F.665, subdivisions 2 and 6.

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

**HOUSE ADVISORIES**

The following House Advisory was introduced:

Nelson, D.; Osthoff; Wagenius and Stanius introduced:

H. A. No. 30, A proposal to study Twin Cities Metropolitan Area air quality attainment strategies.

The advisory was referred to the Committee on Metropolitan Affairs.

**MESSAGES FROM THE SENATE**

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 830, A bill for an act relating to state energy contracts; imposing additional requirements on bidders for state energy efficiency installment purchase contracts; amending Minnesota Statutes 1986, section 16B.16, subdivision 1.

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. 29, A bill for an act relating to traffic regulations; requiring motor vehicle operators to use child passenger restraint system when transporting child under age of four; assessing court costs to violator under certain conditions; imposing penalty; amending Minnesota Statutes 1986, section 169.685, subdivision 5, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

**CONCURRENCE AND REPASSAGE**

Skoglund moved that the House concur in the Senate amendments to H. F. No. 29 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 29, A bill for an act relating to traffic regulations; requiring motor vehicle operators to use child passenger restraint system when transporting child under age of four; assessing court costs to violator under certain conditions; imposing penalty; amending Minnesota Statutes 1986, section 169.685, subdivision 5, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 105 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lasley	Orenstein	Simoneau
Anderson, R.	Greenfield	Lieder	Osthoff	Skoglund
Battaglia	Gruenes	Long	Otis	Solberg
Bauerly	Gutknecht	Marsh	Ozment	Sparby
Beard	Haukoos	McEachern	Pappas	Steensma
Begich	Heap	McKasy	Pauly	Sviggum
Bennett	Himle	McLaughlin	Pelowski	Swenson
Bertram	Jaros	Milbert	Peterson	Tjornhom
Bishop	Jefferson	Minne	Price	Tompkins
Blatz	Jennings	Morrison	Quist	Trimble
Boo	Johnson, A.	Munger	Rest	Tunheim
Burger	Johnson, R.	Murphy	Rice	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Riveness	Vanasek
Carruthers	Kalis	Nelson, D.	Rodosovich	Voss
Clark	Kelly	Nelson, K.	Rose	Wagenius
Cooper	Kelso	Neuenschwander	Rukavina	Waltman
Dauner	Kinkel	O'Connor	Sarna	Welle
DeBlick	Kludt	Olsen, S.	Scheid	Wenzel
Dille	Knuth	Olson, E.	Seaberg	Winter
Dorn	Krueger	Olson, K.	Segal	Wynia
Forsythe	Larsen	Omann	Shaver	Spk. Norton

Those who voted in the negative were:

Carlson, D.	Jacobs	Miller	Reding	Stanis
Clausnitzer	Jensen	Onnen	Richter	Thiede
Dempsey	Kostohryz	Poppenhagen	Schafer	Valento
Frerichs	McDonald	Quinn	Schoenfeld	
Hugoson	McPherson	Redalen	Schreiber	

The bill was repassed, as amended by the Senate, and its title agreed to.

Skoglund moved that the name of Simoneau be added as an author on H. F. No. 29. 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. 823, A bill for an act relating to labor; prohibiting certain terminations; requiring notice of reasons for terminations; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 181.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Gutknecht moved that the House concur in the Senate amendments to H. F. No. 823 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 823, A bill for an act relating to labor; prohibiting certain terminations; requiring notice of reasons for terminations; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 181.

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.	Frerichs	Long	Otis	Segal
Anderson, R.	Greenfield	Marsh	Ozment	Shaver
Battaglia	Gruenes	McDonald	Pappas	Simoneau
Bauerly	Gutknecht	McEachern	Pauly	Skoglund
Beard	Haukoos	McKasy	Pelowski	Solberg
Begich	Himle	McLaughlin	Peterson	Sparby
Bennett	Hugoson	McPherson	Poppenhagen	Stanius
Bertram	Jacobs	Milbert	Price	Steensma
Bishop	Jaros	Miller	Quinn	Sviggum
Blatz	Jefferson	Minne	Quist	Swenson
Brown	Jennings	Morrison	Redalen	Thiede
Burger	Jensen	Munger	Reding	Tjornhom
Carlson, D.	Johnson, R.	Murphy	Rest	Tompkins
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Trimble
Carruthers	Kalis	Nelson, D.	Richter	Tunheim
Clark	Kelly	Nelson, K.	Riveness	Uphus
Clausnitzer	Kelso	Neuenschwander	Rodosovich	Valento
Cooper	Kinkel	O'Connor	Rose	Vanasek
Dauner	Kludt	Olsen, S.	Rukavina	Voss
DeBlicke	Knuth	Olson, E.	Sarna	Wagenius
Dempsey	Kostohryz	Olson, K.	Schafer	Waltman
Dille	Krueger	Omann	Scheid	Wenzel
Dorn	Larsen	Onnen	Schoenfeld	Winter
Forsythe	Lasley	Orenstein	Schreiber	Spk. Norton
Frederick	Lieder	Osthoff	Seaberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

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

S. F. Nos. 183, 225, 353, 751, 1114, 1152, 897, 1072, 1183, 1237, 385, 79, 578, 1, 461, 948, 1053, 605, 833 and 1516.

PATRICK E. FLAHAVEN, Secretary of the Senate

## FIRST READING OF SENATE BILLS

S. F. No. 183, A bill for an act relating to snowmobiles; authorizing certain operators possessing a motor vehicle operator's license to



cross a highway; amending Minnesota Statutes 1986, section 84.872.

The bill was read for the first time.

Kinkel moved that S. F. No. 183 and H. F. No. 268, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 225, A bill for an act relating to towns; providing for powers of town boards and board members; providing for elections; providing conditions for ownership of town cemetery lots; amending Minnesota Statutes 1986, sections 365.10; 365.27; 365.37; 365.51; 366.01, by adding a subdivision; 367.03; 367.33, subdivisions 1, 4, and 5; and 471.96; repealing Minnesota Statutes 1986, section 365.06.

The bill was read for the first time.

Battaglia moved that S. F. No. 225 and H. F. No. 226, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 353, A bill for an act relating to metropolitan water management; authorizing metropolitan counties to adopt ground water plans; relating to notice procedures in certain counties; amending Minnesota Statutes 1986, sections 112.53, subdivision 2; 473.875; 473.876, by adding subdivisions; 473.878, subdivisions 3, 5, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 473.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 353 and H. F. No. 373, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 751, A bill for an act relating to financial institutions; authorizing the deposit of trust funds received by real estate brokers or salespersons in savings and loan associations and credit unions; amending Minnesota Statutes 1986, sections 51A.23, subdivision 1; 52.04; 82.17, subdivision 6; and 82.24, subdivisions 1, 2, and 6.

The bill was read for the first time.

Scheid moved that S. F. No. 751 and H. F. No. 884, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1114, A bill for an act relating to liquor; limitations on rules of the commissioner of public safety; items which may be sold in exclusive liquor stores; regulating sales of fermented malt beverages; amending Minnesota Statutes 1986, sections 299A.02, subdivision 3; and 340A.101, subdivision 10; repealing Minnesota Statutes 1986, sections 34.119; 34.12; 34.13; and 34.14.

The bill was read for the first time.

Jacobs moved that S. F. No. 1114 and H. F. No. 1148, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1152, A bill for an act relating to alcoholic beverages; limiting imports by individuals; maximum volume for volume prices; purchases by delinquent licensees; restricting employment of minors in nonintoxicating liquor premises; providing for inspections; amending Minnesota Statutes 1986, sections 297C.09; 340A.302, subdivision 1; 340A.312, subdivision 2; 340A.318, subdivisions 1 and 3; and 340A.411, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 340A.

The bill was read for the first time.

Jacobs moved that S. F. No. 1152 and H. F. No. 1375, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 897, A bill for an act relating to liquor; requiring nondiscriminatory prices for sale to retailers; repealing the law requiring filing and maintenance of lists of wholesale prices; amending Minnesota Statutes 1986, section 340A.307, by adding a subdivision; repealing Minnesota Statutes 1986, section 340A.313.

The bill was read for the first time.

Jacobs moved that S. F. No. 897 and H. F. No. 895, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1072, A bill for an act relating to utilities; providing for initial and continuing education of public utilities commissioners; lengthening the time period for preparation for a hearing on territorial disputes; raising dollar limit on value of property that public utility may transfer without commission approval; amending Minnesota Statutes 1986, sections 216A.03, by adding subdivisions; 216B.43; and 216B.50, subdivision 1.

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

S. F. No. 1183, A bill for an act relating to alcoholic beverages; authorizing the city of Minneapolis to issue an on-sale liquor license to the American Swedish Institute.

The bill was read for the first time.

Schreiber moved that S. F. No. 1183 and H. F. No. 1562, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1237, A bill for an act relating to employment; requiring employers to notify employees of a lapse or discontinuance of employee health plans; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

S. F. No. 385, A bill for an act relating to game and fish; clarifying and making technical changes in the game and fish laws; recodifying establishment of the wild rice management account; defining enforcement officer; defining brown trout as a game fish; defining an unloaded firearm; allowing the commissioner to use the game and fish fund for activities of the enforcement division; designating notices to be placed on state park and wildlife management area boundaries; changing the expiration date for muskrat farm licenses; removing certain restrictions on the size of shooting preserves; prescribing violations of hunting while under the influence of alcohol or a controlled substance; providing when license must be in personal possession; allowing more than one license, except a big game license, to be issued in a license year; exempting big game licenses from certain types of license revocations; prescribing submission of annual reports for tanners, fur dealers, and taxidermists; providing a nonresident under age 16 may purchase a nonresident fishing license and take and possess fish; prescribing conditions for oath administration; eliminating certain requirements for wild animals that are gifts; allowing a person to transport more than one big game animal; eliminating certain restrictions on transporting big game animals; prohibiting a person from trespassing to retrieve wounded game after being notified; allowing a person to ship more than one fish with a permit; prescribing permission needed to take wild animals in certain areas; allowing possession of shotgun and certain shells in areas where deer may be taken; allowing persons to take raccoons with lights and firearms at night; clarifying that a small game license is not required to pursue and tree raccoons during the closed season; authorizing the commissioner to restrict

the taking of pine marten and opossum; eliminating requirement for a license and seals to take beaver damaging property; prescribing when certain devices to take fish may be possessed; amending Minnesota Statutes 1986, sections 84.0894; 84.928, subdivision 7; 84.944, subdivisions 1, 2, and 3; 85.41, subdivision 2; 97A.015, subdivisions 18, 25, 43, 45, and 51; 97A.055, subdivision 1; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.085, subdivisions 5 and 7; 97A.111, subdivisions 2 and 7; 97A.115, subdivision 3; 97A.121, subdivision 5; 97A.135, subdivision 1; 97A.201, subdivision 1; 97A.211, subdivisions 1 and 2; 97A.221, subdivision 1; 97A.255, subdivision 2; 97A.311, subdivision 4; 97A.315, subdivision 2; 97A.325, subdivision 1; 97A.331, subdivision 1; 97A.405, subdivision 2; 97A.415, subdivision 1; 97A.421, subdivision 1; 97A.425, subdivision 3; 97A.445, subdivision 3; 97A.451, subdivisions 1 and 5; 97A.475, subdivision 7; 97A.481; 97A.505, subdivisions 4 and 5; 97A.535, subdivisions 3 and 4; 97A.545, subdivision 4; 97A.551, subdivision 3; 97B.001, subdivisions 3, 5, and 7; 97B.041; 97B.061; 97B.065; 97B.081, subdivision 1; 97B.601, subdivision 4; 97B.605; 97B.635; 97B.655, subdivision 2; 97B.701, subdivision 2; 97C.345, subdivisions 2 and 3; 106A.085, subdivision 1; 106A.401, subdivision 1; 106A.615, subdivision 6; 144.95, subdivision 4; and 626.861, subdivision 4; repealing Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.255, subdivision 3; 97A.461; 97A.505, subdivisions 1, 3, and 6; 97A.551, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

The bill was read for the first time.

Trimble moved that S. F. No. 385 and H. F. No. 1172, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 79, A bill for an act relating to occupations and professions; generally revising and updating the laws relating to licensure of podiatrists; providing for definitions, licensing, practice without a license, disciplinary action, and investigations; providing penalties; amending Minnesota Statutes 1986, sections 153.01, subdivisions 2 and 3; 153.02; 153.03; 214.01; and 319A.02; proposing coding for new law in Minnesota Statutes, chapter 153; repealing Minnesota Statutes 1986, sections 153.01, subdivision 4; 153.04 to 153.09; 153.13; 153.14; and 153.15.

The bill was read for the first time.

Clark moved that S. F. No. 79 and H. F. No. 1008, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 578, A bill for an act relating to business corporations; regulating the organization and operation of business corporations;

providing for indemnification; providing voting rights; providing for the value, issuance, pledging, and acquisition of shares; and providing for payment on the return of shares; amending Minnesota Statutes 1986, sections 300.08, subdivision 1; 300.083, subdivisions 1, 4, 8, and by adding a subdivision; 302A.011, subdivision 40; 302A.111, subdivisions 2 and 3; 302A.133; 302A.135, subdivision 4, and by adding a subdivision; 302A.137; 302A.139; 302A.141, by adding a subdivision; 302A.161, subdivision 22; 302A.201, subdivision 2; 302A.255, subdivision 1; 302A.401, subdivision 3; 302A.405, subdivisions 1 and 2; 302A.409, subdivision 3; 302A.413, subdivision 5; 302A.433, subdivision 3; 302A.435, subdivision 2; 302A.437, subdivision 2; 302A.447, subdivision 7; 302A.455; 302A.457, subdivisions 1 and 2; 302A.473, subdivisions 1, 5, 6, and 7; 302A.501, subdivision 1; 302A.521, subdivisions 1, 4, and 8, and by adding a subdivision; 302A.553, subdivision 1; 302A.727; 302A.729; 302A.733, subdivisions 1 and 2; and 302A.781; proposing coding for new law in Minnesota Statutes, chapter 302A.

The bill was read for the first time.

Carruthers moved that S. F. No. 578 and H. F. No. 1392, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1, A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing duties for the community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the Minnesota public finance authority; changing the membership of the Minnesota job skills partnership board; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; providing a program for revitalization of the cities of St. Paul and Minneapolis; creating a program for funding economic development projects in the taconite tax relief area; permitting investment of earnings of the northeast Minnesota economic protection trust in venture capital enterprises; appropriating money; amending Minnesota Statutes 1986, sections 15.039, by adding a subdivision; 16A.80, subdivision 2a; 41A.01; 41A.02, subdivisions 3, 4, 6, 11, and by adding subdivisions; 41A.05, subdivisions 1 and 2; 41A.08; 116.16, subdivisions 2, 4, 5, 9, and by adding subdivisions; 116.18, subdivisions 2a and 3a; 116J.36, subdivisions 2, 3b, 3c, 8, 8a, and 11; 116J.37, subdivision 1, and by adding a subdivision; 116J.955, subdivisions 1 and 2; 116L.03, subdivision 2; 281.17; 298.292; 298.296, subdivision 2; 462.384, subdivision 7; 462.385, subdivisions 1 and 3; 462.386, subdivision 1;

462.387, subdivisions 1, 3 and 4; 462.39, subdivisions 2 and 3; 462.391, subdivisions 2, 3 and 4; 462.395; 462.396, subdivision 1; 462.398; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 41A; 93; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 116.167; 116J.951; 116J.961; 116J.965; 116M.01; 116M.02; 116M.03; 116M.04; 116M.05; 116M.06; 116M.07; 116M.08; 116M.09; 116M.10; 116M.11; 116M.12; 116M.13; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; 472.13, subdivisions 2, 3, and 4; and Laws 1969, chapters 833 and 984.

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

S. F. No. 461, A bill for an act relating to natural resources; changing certain provisions relating to the sale of state timber; eliminating laws relating to white pine blister rust control and cutting notices; amending Minnesota Statutes 1986, sections 88.49, subdivisions 5, 9, and 11; 90.031, subdivision 3; 90.041, subdivision 2; 90.101, subdivision 1; 90.14; 90.151, subdivisions 1 and 13; 90.161, subdivision 1; 90.173; and 97A.205; repealing Minnesota Statutes 1986, sections 18.431 to 18.436 and 88.13.

The bill was read for the first time.

Kinkel moved that S. F. No. 461 and H. F. No. 403, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 948, A bill for an act relating to crimes; permitting evidence showing a tendency to fabricate allegations of sexual assault; requiring three days' notice of intent to introduce evidence of victim's prior sexual conduct; amending Minnesota Statutes 1986, section 609.347, subdivisions 3, 4, and 6.

The bill was read for the first time.

Greenfield moved that S. F. No. 948 and H. F. No. 1069, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1053, A bill for an act relating to alcoholic beverages; providing for the licensing of low-volume brewers; allowing them to be granted an on-sale intoxicating liquor or nonintoxicating malt liquor license; amending Minnesota Statutes 1986, section 340A.301, subdivisions 6 and 7.

The bill was read for the first time.

Olsen, S., moved that S. F. No. 1053 and H. F. No. 1265, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 605, A bill for an act relating to crimes; defining the crime of using police radios while committing a criminal act; prescribing penalties; amending Minnesota Statutes 1986, section 609.035; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Bertram moved that S. F. No. 605 and H. F. No. 1619, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 833, A bill for an act relating to insurance; regulating trade practices; authorizing the payment of differing amounts of reimbursement to insured under individual policies; amending Minnesota Statutes 1986, section 72A.20, subdivision 15.

The bill was read for the first time.

Stanis moved that S. F. No. 833 and H. F. No. 828, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1516, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; fixing and limiting fees; amending Minnesota Statutes 1986, sections 12.14; 17A.04, subdivision 5; 18.51, subdivision 2; 18.52, subdivision 5; 18.53; 27.041, subdivision 2; 28A.08; 32.075; 32.59; 60A.14, subdivision 1; 60A.206, subdivision 2; 60A.23, subdivision 7; 70A.14, subdivision 4; 83.23, subdivisions 2 and 3; 83.30, subdivision 2; 138.65; 138.91, by adding a subdivision; 309.531, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 332.33, subdivisions 3 and 4; amending Laws 1975, chapter 235, section 2, as amended.

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, Anderson, G., moved that the rule therein be sus-

pending and an urgency be declared so that S. F. No. 1516 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Anderson, G., moved that the Rules of the House be so far suspended that S. F. No. 1516 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1516 was read for the second time.

S. F. No. 1516 was reported to the House.

Rice moved to amend S. F. No. 1516, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

The sums shown in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures “1987”, “1988”, and “1989”, where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

#### SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$1,089,200	\$ 88,729,600	\$ 88,162,500	\$ 177,981,300
Special Revenue		4,310,400	4,660,400	8,970,800
Airports		10,890,100	11,707,000	22,597,100
M.S.A.S.		59,500,000	60,000,000	119,500,000
C.S.A.H.		186,000,000	187,400,000	373,400,000
Tr. Hwy.		657,638,400	653,902,000	1,311,540,400
Hwy. User		8,968,600	9,012,100	17,980,700
Transit Assistance		5,747,500	5,747,500	11,495,000
Motor Vehicle Transfer		868,800	868,800	1,737,600
<b>TOTAL</b>	<b>\$1,089,200</b>	<b>\$1,022,653,400</b>	<b>\$1,021,460,300</b>	<b>\$2,045,202,900</b>



APPROPRIATIONS  
Available for the Year  
Ending June 30  
1988                      1989

Sec. 2. TRANSPORTATION.

Subdivision 1. Total.

Appropriation	\$865,537,600	\$864,563,900
1988		1989
Approved Complement-		
4,656		4,654
General-		
15		12
State Airports-		
40		40
Trunk Highway-		
4,585		4,586
Federal-		
16		16

The appropriations in this section are from the trunk highway fund, except where another fund is named.

Summary by Fund

General	\$ 4,492,200	\$ 4,377,200
Airports	\$ 10,890,100	\$ 11,707,000
M.S.A.S.	\$ 59,500,000	\$ 60,000,000
C.S.A.H.	\$186,000,000	\$187,400,000
Trunk Highway	\$602,639,000	\$599,063,400
Transit Assistance	\$ 1,147,500	\$ 1,147,500
Motor Vehicle Transfer	\$ 868,800	\$ 868,800

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

	1988	1989
Subd. 2. Highway Development	\$ 602,864,700	\$ 603,350,900
Summary by Fund		
M.S.A.S.		
\$ 59,500,000	\$ 60,000,000	
C.S.A.H.		
\$186,000,000	\$187,400,000	
Trunk Highway		
\$356,495,900	\$355,082,100	
Motor Vehicle Transfer		
\$ 868,800	\$ 868,800	
(a) Trunk Highway Development		
1988	1989	
\$346,275,300	\$346,275,300	
Summary by Fund		
Trunk Highway		
\$345,406,500	\$345,406,500	
Motor Vehicle Transfer		
\$868,800	\$868,800	
It is estimated that the appropriation from the trunk highway fund will be funded as follows:		
Federal Highway Aid		
\$222,000,000	\$207,000,000	
Highway User Taxes		
\$123,406,500	\$138,406,500	
The commissioner of transportation shall notify the chairman of the senate finance committee and chairman of the house appropriations committee promptly of any events that should cause these estimates to change.		
This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.		
(b) County State Aids		
\$186,000,000	\$187,400,000	

	1988	1989
	\$	\$

This appropriation is from the county state-aid highway fund and is available until spent.

(c) Municipal State Aids

\$59,500,000	\$60,000,000
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This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

(d) Highway Debt Service

\$11,089,400	\$9,675,600
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For transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

Subd. 3. Highway Operations

170,570,600	169,738,700
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The amounts that may be spent from this appropriation for each activity are as follows:

	\$ 1988	\$ 1989
(a) Maintenance		
\$119,967,300	\$119,719,100	
(b) Construction Support		
\$50,603,300	\$50,019,600	
Subd. 4. Technical Services	40,513,200	39,942,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Program Delivery		
\$37,126,200	\$36,564,400	
(b) State Aid Technical Assistance		
\$911,900	\$909,900	
(c) Electronic Communications		
\$2,475,100	\$2,467,700	
Subd. 5. Non-Metropolitan Transit Assistance	4,912,500	4,912,500

Summary by Fund

General

\$3,765,000      \$3,765,000

Transit Assistance

\$1,147,500      \$1,147,500

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 6. Program Management	7,330,300	7,217,000
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Summary by Fund

General

\$683,600      \$565,900

Trunk Highway

\$6,646,700      \$6,651,100

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Highway Programs		
\$1,789,100	\$1,784,600	

	\$	1988	\$	1989
<b>Summary by Fund</b>				

**General**

\$70,900	\$70,900
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**Trunk Highway**

\$1,718,200	\$1,713,700
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\$225,000 the first year and \$225,000 the second year are available for grants to regional development commissions outside the seven-county metropolitan area for transportation studies to identify critical concerns, problems, and issues.

**(b) Motor Carrier Safety and Compliance**

\$1,062,200	\$1,059,600
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**(c) Railroads and Waterways**

\$908,200	\$905,900
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**Summary by Fund****General**

\$233,600	\$233,300
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**Trunk Highway**

\$674,600	\$672,600
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**(d) Transit Administration**

\$594,000	\$476,500
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**Summary by Fund****General**

\$379,100	\$261,700
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**Trunk Highway**

\$214,900	\$214,800
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**(e) Transportation Data, Research, and Analysis**

\$2,976,800	\$2,990,400
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	1988	1989
	\$	\$
Subd. 7. General Support Services	28,600,700	27,835,800

## Summary by Fund

## General

	\$43,600	\$46,300
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## Airports

	\$144,500	\$140,000
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## Trunk Highway

	\$28,412,600	\$27,649,500
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The amounts that may be spent from this appropriation for each activity are as follows:

## (a) Finance and Administration

	\$8,556,600	\$8,530,500
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## (b) General Services

	\$7,383,400	\$7,453,300
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## Summary by Fund

## General

	\$38,900	\$41,600
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## Airports

	\$78,800	\$83,100
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## Trunk Highway

	\$7,265,700	\$7,328,600
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## (c) Equipment

	\$11,672,500	\$10,863,800
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If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

## Summary by Fund

## General

	\$4,700	\$4,700
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## Airports

	\$65,700	\$56,900
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## Trunk Highway

	\$11,602,100	\$10,802,200
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	1988	1989
(d) Legal Services	\$	\$
\$988,200	\$988,200	
This appropriation is for the purchase of legal services from or through the attorney general.		
Subd. 8. Aeronautics	10,745,600	11,567,000
The amounts that may be spent from this appropriation for each activity are as follows:		
(a) Aeronautics Operations		
\$1,089,500	\$1,156,800	
(b) Airport Development and Assistance		
\$9,552,000	\$10,306,100	

\$1,563,700 the first year and \$1,546,600 the second year are for navigational aids.

\$4,828,800 the first year and \$5,689,100 the second year are for airport construction grants.

\$1,713,000 the first year and \$1,713,000 the second year are for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.

	1988	1989
	\$	\$
\$8,000 the first year and \$8,000 the second year are for maintenance of the Pine Creek Airport.		

## (c) Air Transportation Services

\$39,100	\$39,100
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## (d) Civil Air Patrol

\$65,000	\$65,000
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## Subd. 9. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for trunk highway development. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

## Subd. 10. Contingent Appropriations

(a) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the state airports fund to an appropriation for state airports purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the state airports fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.



	1988	1989
	\$	\$
<p>(b) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation for trunk highway purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.</p>		

Subd. 11. Budget Reduction Transfer

Notwithstanding any other law to the contrary, the commissioner of finance shall reduce the distribution of the motor vehicle excise tax transfer as provided by Minnesota Statutes, section 297B.09, subdivision 2, paragraph (c), by \$900,000 for the biennium ending June 30, 1989.

Sec. 3. REGIONAL TRANSIT BOARD	20,126,500	20,126,500
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Summary by Fund

General

\$15,526,500		\$15,526,500
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Transit Assistance

\$4,600,000		\$4,600,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subdivision 1. Regular Route Service	11,721,500	11,721,500
Subd. 2. Metro Mobility	6,000,000	6,000,000
Subd. 3. Small Urban, Rural, and Replacement Services	730,000	730,000
Subd. 4. Test Marketing of New Services	400,000	400,000

	1988	1989
	\$	\$
Subd. 5. Light Rail Transit Studies	200,000	200,000
Subd. 6. Planning and Programs	750,000	750,000
Subd. 7. Administration	325,000	325,000

The board may not reduce the amounts available for expenditure under subdivisions 1 to 4 or spend any money, except money received from federal grants and private contributions, for the purposes of subdivisions 5 to 7 in addition to the amounts appropriated.

During the biennium ending June 30, 1989, the board may not transfer funds among categories, may not be a recipient of federal capital or operating assistance for transit, and may not alter fare policies or allow the metropolitan transit commission to alter fare schedules existing on January 1, 1987, until: (1) the board has satisfied statutory planning requirements by (i) adopting plans and policies on fares, as required by Laws 1985, First Special Session chapter 10, section 30, (ii) adopting an implementation plan under Minnesota Statutes 1986, section 473.161, that has been approved by the metropolitan council and includes any revisions required by the council under Minnesota Statutes 1986, section 473.161, (iii) adopting an approved financial plan under Minnesota Statutes, section 473.38, subdivision 2, and (iv) submitting the implementation and financial plans adopted under items (ii) and (iii) to the legislature with its request for state financial assistance; and (2) the legislature has acted on the board's request for state financial assistance submitted under clause (1).

The board may supplement any of the appropriations made in subdivisions 1 to 7 from its fund balance reserve.

	1988	1989
	\$	\$
<p>The board shall study and report to the legislature on the effects, advantages, and disadvantages of transferring the authority to receive federal capital and operating assistance from the metropolitan transit commission to the board and on how and for what purpose the board would use the funds differently than the commission.</p>		
<p>Sec. 4. TRANSPORTATION REGULATION BOARD</p>		
	531,500	531,500
<p>Approved Complement - 8</p>		
<p>This appropriation is from the trunk highway fund.</p>		
<p>Sec. 5. PUBLIC SAFETY</p>		
<p>Subdivision 1.</p>		
<p>Total Appropriation</p>		
	82,700,600	82,590,800
	1988	1989
<p>Approved Complement -</p>		
	1,679.4	1,679.4
<p>General-</p>		
	393.7	393.7
<p>Special Revenue-</p>		
	3.0	3.0
<p>Trunk Highway-</p>		
	1,060.8	1,060.8
<p>Highway User-</p>		
	173.6	173.6
<p>Federal-</p>		
	48.3	48.3

The above approved complement includes 511 for state-funded, unclassified patrol officers and supervisors of the state patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

	1988	1989
	\$	\$
No new state patrol supervisory positions may be established, with the exception of special duty assigned ranks for the length of assignment only.		

Summary by Fund

General

	\$20,064,800	\$20,022,300
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For 1987 - \$900,000

Trunk Highway

	\$53,417,200	\$53,256,400
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Highway User

	\$ 8,718,600	\$ 8,762,100
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Special Revenue

	\$ 500,000	\$ 550,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$175,000 the first year and \$175,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Administration and Related Services

	\$ 4,348,200	\$ 4,246,900
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Summary by Fund

General

	\$ 52,500	\$ 52,500
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Trunk Highway

	\$4,205,700	\$4,104,400
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Highway User

	\$ 90,000	\$ 90,000
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Subd. 3. Emergency Services

	\$ 886,300	\$ 887,000
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	1988	1989
	\$	\$
\$341,700 the first year and \$342,000 the second year are for nuclear plant preparedness. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.		

Subd. 4. Criminal Apprehension

\$11,145,900	\$11,126,900
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Summary by Fund

General

\$10,221,300	\$10,200,700
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Trunk Highway

\$ 924,600	\$ 926,200
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\$223,300 the first year and \$223,300 the second year are for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$67,800 the first year and \$67,600 the second year are for the bureau of criminal apprehension to continue to provide in-service training for peace officers on a regional basis.

\$171,000 the first year and \$171,000 the second year are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 5. Fire Safety

\$1,801,800	\$1,798,800
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	1988	1989
	\$	\$
Subd. 6. State Patrol		
\$35,056,000	\$ 34,975,600	

This appropriation is from the trunk highway fund.

This appropriation includes funds reinstating legislative policy by compensating all state patrol troopers, corporals, and sergeants in the amount of \$6 per day in addition to their base salary for meals and business expenses incurred in the performance of their assigned duties in their patrol areas on the days members work five or more hours. Business expenses include, but are not limited to, uniform costs, home garaging of squad cars, and maintenance of home office.

During the biennium ending June 30, 1989, and notwithstanding any law to the contrary, the commissioner shall authorize the appointing authority to permit the donation of up to eight hours of accumulated vacation time in each year by each employee who is a member of law enforcement unit number 1 to their union representative for the purpose of carrying out the duties of office.

Subd. 7. Capitol Security

\$1,285,500	\$1,271,000
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Subd. 8. Driver and Vehicle Licensing

\$26,163,100	\$26,231,600
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Summary by Fund

General

\$ 4,303,600	\$ 4,309,300
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Trunk Highway

\$ 13,230,900	\$13,250,200
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Highway User

\$ 8,628,600	\$ 8,672,100
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\$471,400 the first year and \$471,400 the second year are for alcohol assessment reimbursements to counties.

	1988	1989
	\$	\$
Subd. 9. Liquor Control		
\$ 694,800	\$ 684,400	
Subd. 10. Ancillary Services		
\$1,494,000	\$1,543,600	
Summary by Fund		
General		
\$994,000	\$993,600	
For 1987 - \$900,000		
Special Revenue		
\$500,000	\$550,000	

\$900,000 is appropriated from the general fund for the fiscal year ending June 30, 1987, for crime victims and is added to the appropriation in Laws 1985, First Special Session chapter 10, section 4, subdivision 10.

\$827,200 the first year and \$826,900 the second year from the general fund and \$500,000 the first year and \$550,000 the second year from the special revenue fund are for the crime victims reparations board. Any unencumbered balance remaining the first year does not cancel but is available for the second year of the biennium.

\$115,000 the first year and \$115,000 the second year are for the hazardous substance activity.

The crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments for fiscal year 1988 and fiscal year 1989. In no case shall the total awards exceed the appropriation made in this subdivision.

\$51,800 the first year and \$51,700 the second year are for the expenses of the Private Detective and Protective Agency Licensing Board.

Subd. 11. Transfers

	1988	1989
	\$	\$

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs within a fund. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Subd. 12. Reimbursements

(a) \$688,000 for the first year and \$687,600 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) \$257,300 for the first year and \$257,200 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.



	1988	1989
	\$	\$
(c) \$520,900 for the first year and \$556,300 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.		

### Sec. 6. AGRICULTURE

Subdivision 1. Total Appropriation	13,198,500	13,228,900
Approved Complement - 465.8		
General - 210.3		
Special/Revolving - 237.2		
Federal - 18.3		

#### Summary by Fund

General		
\$13,010,700	\$13,041,100	
Special Revenue		
\$ 187,800	\$ 187,800	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$190,000 the first year and \$190,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Protection Service		
\$3,980,000	\$3,963,600	

	\$ 1988	\$ 1989
Of this amount \$40,000 the first year and \$40,000 the second year are to increase the detection and management of oak wilt in the state's shade trees. Any unencumbered balance remaining in the first year shall not cancel but is available for the second year of the biennium.		

Subd. 3. Family Farm Security

	\$2,095,100	\$2,094,500
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\$1,800,000 the first year and \$1,800,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 1988, and no new loans may be approved in fiscal year 1989.

Subd. 4. Administrative Support and Grants

	\$3,683,900	\$3,733,500
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Summary by Fund

General

	\$3,496,100	\$3,545,700
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Special Revenue

	\$ 187,800	\$ 187,800
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\$358,000 the first year and \$358,000 the second year are for grants to agricultural societies, associations, and institutions.

\$30,900 the first year and \$30,900 the second year are for payment of claims relating to livestock damaged by endangered animal species. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$187,800 the first year and \$187,800 the second year are from the commodities research and promotion account in the special revenue fund.

	1988	1989
Notwithstanding any other law to the contrary, funding for the Seaway Port Authority of Duluth shall remain in the department of agriculture.	\$	\$
Subd. 5. Water and Soil Resources Board	3,629,500	3,627,300
Approved Complement - 19		

For the biennium ending June 30, 1989, the commissioner of agriculture shall provide suitable and adequate office facilities and space for the water and soil resources board. The commissioner shall also provide administrative services required by the board in administration of its assigned functions.

\$664,200 the first year and \$664,200 the second year are for general purpose grants-in-aid to soil and water conservation districts.

\$152,300 the first year and \$152,300 the second year are for grants to districts for technical assistance, education, and demonstrations of conservation tillage.

\$198,500 the first year and \$198,500 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

\$1,501,000 the first year and \$1,501,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

The appropriations in this section for the southern Minnesota river basin study area 2 and for grants to soil and water districts for cost-sharing contracts for erosion control and water quality management are available until expended.

	1988	1989
\$158,700 the first year and \$158,700 the second year are for grants-in-aid to soil and water conservation districts and local units of government to assist them in solving sediment and erosion control problems. Grants must not exceed 50 percent of total project costs or 50 percent of the local share if federal money is used. Priority must be given to projects designed to solve lakeshore, stream bank, and roadside erosion and to projects eligible for federal matching money.	\$	\$

\$12,400 the first year and \$12,400 the second year are for grants to soil and water conservation districts for review and comment on water permits.

#### Subd. 6. Transfers

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Sec. 7. BOARD OF ANIMAL HEALTH

	1,580,100	1,570,300
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#### Approved Complement - 36

This appropriation includes \$39,900 the first year and \$39,900 the second year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

#### Sec. 8. COMMERCE

##### Subdivision 1. Total Appropriation

	9,843,800	9,571,000
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#### Approved Complement - 239

#### General - 236

#### Special Revenue - 3

	1988	1989
	\$	\$
Summary by Fund		
General		
	\$9,582,600	\$9,309,700
For 1987 -	\$189,200	
Special Revenue		
	\$ 261,200	\$ 261,300

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

**Subd. 2. Financial Examinations**

	\$4,066,100	\$3,969,300
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For 1987 - \$189,200

This appropriation is for bank examinations and is added to the appropriation in Laws 1985, First Special Session chapter 10, section 7, subdivision 2.

**Subd. 3. Registration and Analysis**

	\$1,716,500	\$ 1,696,700
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**Subd. 4. Administrative Services**

	\$ 1,627,100	\$1,627,800
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**Subd. 5. Enforcement and Licensing**

	\$2,434,100	\$2,277,200
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Summary by Fund

General

	\$2,172,900	\$2,015,900
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Special Revenue

	\$ 261,200	\$ 261,300
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\$261,200 the first year and \$261,300 the second year are from the real estate education, research and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

	1988	1989
	\$	\$
\$271,800 the first year and \$119,900 the second year are from the general fund to perform a one-time study of insurance claims data maintained by insurance companies. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.		

#### Subd. 6. Transfers

The commissioner with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

#### Sec. 9. NON-HEALTH- RELATED BOARDS

Subdivision 1. Total for this section

	890,900	891,200
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Subd. 2. Board of Abstractors

	3,900	3,900
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Subd. 3. Board of Accountancy

	344,600	340,800
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Approved Complement - 5

Subd. 4. Board of Architecture, Engineering, Land Surveying, and Landscape Architecture

	351,500	357,700
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Approved Complement - 6

Subd. 5. Board of Barber Examiners

	137,000	134,900
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Approved Complement - 3

Subd. 6. Board of Boxing

	53,900	53,900
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Approved Complement - 1.5

Subd. 7. Board of Electricity

Approved Complement - 18.0

These positions are funded from the special revenue fund.

#### Sec. 10. BOARD OF PEACE OFFICER STANDARDS AND TRAINING

General Operations and Management

	3,300,000	3,600,000
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	1988	1989
	\$	\$

Approved Complement - 9

These appropriations are from the peace officers training account in the special revenue fund.

The board of peace officer standards and training is increased by two members. They must be appointed by the governor from among peace officers, at least one of whom must be a member of the Minnesota state patrol association.

Notwithstanding any other law to the contrary, any presently duly elected sheriff may perform all the duties of the office provided the sheriff continues and completes required professional educational programs within the sheriff's current term of office.

Sec. 11. PUBLIC UTILITIES COMMISSION

	1,889,000	1,715,400
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Approved Complement - 40.0

Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, the commission and department shall assess amounts billed by the office of administrative hearings for certificate of need applications, not to exceed \$300,000 per application, during the biennium ending June 30, 1989, pursuant to section 216B.62, subdivision 6.

Sec. 12. PUBLIC SERVICE

Subdivision 1. Total Appropriation

	6,252,700	6,240,100
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	1988	1989
Approved Complement -		
149.1	149.1	132.3
General-		
125.3	125.3	125.3
Special Revenue-		
6.8	6.8	5.5
Federal-		
17.0	17.0	1.5

	1988	1989
	\$	\$
Summary by Fund		
General-		
\$6,191,300	\$6,178,800	
Special Revenue-		
\$ 61,400	\$ 61,300	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Utility Regulation		
\$1,777,200	\$1,773,000	
Subd. 3. Weights and Measures		
\$1,881,100	\$1,876,400	
Subd. 4. Administrative Services		
\$ 608,300	\$ 608,600	
Subd. 5. Energy		
\$1,986,100	\$1,982,100	
Summary by Fund		
General-		
\$1,924,700	\$1,920,800	
Special Revenue-		
\$ 61,400	\$ 61,300	
Subd. 6. Transfers		
The department of public service, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations in the house of representatives.		
Sec. 13. RACING COMMISSION	867,900	872,800
Approved Complement - 10		
General - 8		
Special Revenue - 2		
Sec. 14. CHARITABLE GAMBLING CONTROL BOARD	609,000	619,100
Approved Complement - 14		
Sec. 15. ETHICAL PRACTICES BOARD	215,700	215,900



	1988	1989
	\$	\$
Approved Complement - 5		
Sec. 16. MINNESOTA MUNICIPAL BOARD	228,200	227,900
Approved Complement - 4		
Sec. 17. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION	99,500	99,200
Sec. 18. UNIFORM LAWS COMMISSION	14,900	14,900
These amounts include funds to pay the expenses of life members to attend the annual meetings of the National Conference of Commissioners on Uniform State Laws.		
Sec. 19. VOYAGEURS NATIONAL PARK CITIZENS COMMITTEE	82,900	87,900
Notwithstanding any law to the contrary, the citizens council on Voyageurs National Park is extended until June 30, 1989.		
Sec. 20. MINNESOTA HISTORICAL SOCIETY		
Subdivision 1. Total Appropriation	9,620,400	9,618,000
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Minnesota Historical Society Operations	8,672,200	8,684,200
Admission income from Fort Snelling is appropriated to the Minnesota historical society for historic site operations.		
Any unencumbered balance remaining at the end of the first year must be returned to the state treasury and credited to the general fund.		

	1988	1989
	\$	\$
<p>The appropriation in this subdivision includes no money for compensation increases. The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance will determine the amount of the salary supplement based on available funds. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.</p>		
Subd. 3. Repair and Replacement	325,000	225,000
<p>\$100,000 the first year is for the restoration and preservation of murals, stencils, sculptures, statues, paintings, built-in exhibit areas, and objects of art or historical artifacts in the public areas of the state capitol, including the governor's anteroom, reception room, and private office.</p> <p>If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</p>		
Subd. 4. Historic Grant-In-Aid	286,100	286,100
(a) Historic Preservation		
\$259,600	\$259,600	
<p>For historic site grants to encourage local historic preservation projects.</p> <p>To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines.</p> <p>Any unencumbered balance remaining in the first year does not cancel but is available for the second year.</p>		
(b) Archaeology		
\$ 26,500	\$ 26,500	
Subd. 5. Fiscal Agent	262,100	212,100
(a) Sibley House Association		
\$ 58,000	\$ 58,000	

	1988	1989
	\$	\$

This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House association.

Notwithstanding any other law, the Sibley House association may purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.

(b) Minnesota Humanities Commission

	\$47,100	\$47,100
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The Minnesota humanities commission may establish a humanities resource center to ensure balance in public education and in the cultural life of the state. The humanities resource center may transport people and resources to small towns, rural communities, and urban settings to provide high quality educational and cultural programs to schools and community organizations throughout Minnesota.

(c) Minnesota International Center

	\$38,000	\$38,000
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(d) Camp Ripley Military Museum

	\$30,000	
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(e) Minnesota Air National Guard Museum

	\$20,000	
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(f) Government Learning Center

	\$69,000	\$69,000
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This appropriation is for Project 120.

(g) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 6. State History Center	75,000	210,600
	\$75,000	\$210,600

	1988	1989
\$		\$

This appropriation is available only if legislation is enacted providing funding for construction of a new state history center.

The Minnesota historical society shall conduct an interim study, in cooperation with county historical organizations of their choice and the department of finance, to determine changes and revisions required in the Historic Sites Act of 1965. The study shall identify those historic sites that merit preservation and interpretation and include a plan for financing their development and operations. The study shall include recommendations by the society on which sites should charge admission fees and the amount of the proposed fee, by site. The historical society shall report the results of this study to the chairs of the senate finance committee and house of representatives appropriations committee, and the governor by July 1, 1988.

Sec. 21. BOARD OF THE ARTS

Subdivision 1. Total Appropriation

	1988	1989	3,130,100	3,130,100
Approved Complement -				
General-	14	15		
Federal-	11	12		
Federal-	3	3		

Amounts that may be spent from this appropriation are specified below.

At least \$35,000 the first year and \$35,000 the second year are for the support of the American craft council national craft fair.

\$1,009,900 the first year and \$1,009,900 the second year are for the support of regional arts councils throughout the state.

	1988	1989
	\$	\$
Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.		
Sec. 22. MINNESOTA HORTICULTURAL SOCIETY	66,400	66,400
Sec. 23. MINNESOTA ACADEMY OF SCIENCE	30,600	35,600
Sec. 24. SCIENCE MUSEUM OF MINNESOTA	508,400	514,700
Sec. 25. MINNESOTA SAFETY COUNCIL	50,700	50,700
This appropriation is from the trunk highway fund.		
Sec. 26. VETERANS OF FOREIGN WARS	27,500	27,500
For carrying out the provisions of Laws 1945, chapter 455.		
Sec. 27. GENERAL CONTINGENT ACCOUNTS	650,000	650,000
The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.		
If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.		
Summary by Fund		
Trunk Highway Fund		
	\$400,000	\$400,000
Highway User Tax Distribution Fund		
	\$250,000	\$250,000
Sec. 28. TORT CLAIMS	600,000	600,000
To be spent by the commissioner of finance.		
This appropriation is from the trunk highway fund.		
If the appropriation for either year is insufficient, the appropriation for the other year is available for it.		

## Sec. 29. [ANCHOR LAKE TRAVEL INFORMATION CENTER.]

The commissioner of transportation shall assume the responsibility of operating the Anchor Lake travel information center effective July 1, 1987. The complement of the department of transportation is increased up to three positions for this purpose.

## Sec. 30. [EXPORT FINANCE AUTHORITY WORKING CAPITAL ACCOUNT.]

The balance in the export finance authority working capital account shall be maintained at \$1,000,000.

## Sec. 31. [EMERGENCY RESPONSE COMMISSION.]

The governor may designate the hazardous substance notification advisory committee to serve as and perform the functions of the state emergency response commission provided for under title III of the Superfund Amendments and Reauthorization Act of 1986. The governor may also appoint representatives of state agencies to serve on the state emergency response commission.

## Sec. 32. [WATER AND SOIL RESOURCES BOARD: TRANSITIONAL MEMBERSHIP; COMPLEMENT.]

Subdivision 1. [TRANSITIONAL MEMBERSHIP.] Notwithstanding and in addition to the members specified in other, permanent law, the initial water and soil resources board shall have four temporary members consisting of soil and water conservation district supervisors, through December 31, 1989.

Subd. 2. [TRANSFER OF EMPLOYEES.] The classified and unclassified state positions and employees of the state soil and water conservation board and water resources board are transferred to the water and soil resources board under section 15.039, subdivision 7. The unclassified position of the executive director of the water resources board and the classified position of the executive director of the soil and water conservation board must be placed in proper job classification in the classified service without examination by the commissioner of employee relations.

## Sec. 33. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "state soil and water conservation board," "water resources board," "water policy board," or other language intended to refer to those boards, wherever they appear in Minnesota Statutes to "water and soil resources board" or other appropriate language to refer to the water and soil resources board.

Sec. 34. Minnesota Statutes 1986, section 12.14, is amended to read:

**12.14 [ASSESSMENT FOR NUCLEAR SAFETY PREPAREDNESS ACT.]**

Any person, firm, corporation or association in the business of owning or operating a nuclear fission electrical generating plant located in Minnesota, shall pay an assessment to cover the cost of nuclear power plant emergency response plans and other programs necessary to deal with incidents resulting from the operation of nuclear fission electrical generating plants. An assessment of ~~\$75,000~~ \$137,500 per plant shall be paid to the commissioner of public safety on July 1 of each year.

Sec. 35. Minnesota Statutes 1986, section 17A.04, subdivision 5, is amended to read:

Subd. 5. [LICENSE FEE.] The applicant shall submit to the commissioner the following applicable fees and penalties for late renewal:

(a) ~~\$150~~ \$300 for each livestock market agency and public stockyard license, penalty ~~\$38~~ \$75;

(b) ~~\$50~~ \$100 for each livestock dealer license, penalty ~~\$13~~ \$25;

(c) ~~\$30~~ \$50 for each agent of a livestock dealer license, penalty ~~\$10~~ \$15;

(d) ~~\$50~~ \$100 for each meat packing company license, penalty ~~\$13~~ \$25;

(e) ~~\$30~~ \$50 for each agent of a meat packing company license, penalty ~~\$10~~ \$15.

Sec. 36. Minnesota Statutes 1986, section 18.51, subdivision 2, is amended to read:

Subd. 2. [FEES; PENALTY.] A nursery operator shall pay an annual fee before the commissioner shall issue a certificate of inspection. This fee shall be based on the area of all of the operator's nurseries as follows:

**Nurseries:**

- |  |  |
|--|--|
| (1) ½ acre or less                         | <del>\$30</del> <u>\$40</u> per nursery operator   |
| (2) Over ½ acre to and including 2 acres   | <del>\$50</del> <u>\$60</u> per nursery operator   |
| (3) Over 2 acres to and including 10 acres | <del>\$100</del> <u>\$125</u> per nursery operator |

- (4) Over 10 acres to and including 50 acres      \$300 \$360 per nursery operator  
 (5) Over 50 acres      \$600 \$725 per nursery operator

In addition to the above fees, a minimum penalty of \$10 or 25 percent of the fee due, whichever is greater, shall be charged for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 37. Minnesota Statutes 1986, section 18.52, subdivision 5, is amended to read:

Subd. 5. [FEES; PENALTY.] A dealer shall pay an annual fee based on the dealer's gross sales during the preceding certificate year. A dealer operating for the first year will pay the minimum fee.

Dealers:

- |  |  |
|--|--|
| (1) Gross sales up to \$1,000                  | at a location<br>\$30 \$40 per location              |
| (2) Gross sales over \$1,000 and up to \$5,000 | at a location<br>\$40 \$50 per location              |
| (3) Gross sales over \$5,000 up to \$10,000    | at a location<br>\$70 \$85 per location              |
| (4) Gross sales over \$10,000 up to \$25,000   | at a location<br>\$100 \$125 per location            |
| (5) Gross sales over \$25,000 up to \$75,000   | at a location<br>\$150 \$175 per location            |
| (6) Gross sales over \$75,000 up to \$100,000  | at a location<br>\$220 \$260 per location            |
| (7) Gross sales over \$100,000                 | at a location<br><del>\$330</del> \$400 per location |

In addition to the above fees, a minimum penalty of \$10 or 25 percent of the fee due, whichever is greater, shall be charged for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 38. Minnesota Statutes 1986, section 18.53, is amended to read:

#### 18.53 [GREENHOUSE CERTIFICATION.]

The commissioner may inspect and certify greenhouses and greenhouse plants as being free from plant pests upon request of the greenhouse operator and issue a greenhouse certificate. The fee is \$30 \$50 for each greenhouse operator. The certificate expires on November 15 next following the date of issue.



Sec. 39. Minnesota Statutes 1986, section 27.041, subdivision 2, is amended to read:

Subd. 2. [LICENSES.] The license, or a certified copy of the license, must be kept posted in the office of the licensee at each place within the state where the licensee transacts business. Every license shall expire June 30 following its issuance and thereafter be renewed July 1 each year. Any license issued under this subdivision is automatically void upon the termination of the surety bond covering the licensed operation. The fee for each license shall be based on the following schedule:

License Fee	Penalty for Late Renewal	Dollar Volume of Business
\$ 30	\$10	\$10,000 or less per month
\$ 60	\$15	Over \$10,000 to \$50,000 per month
<del>\$180</del> \$300	<del>\$45</del> \$75	Over \$50,000 to \$100,000 per month
<del>\$240</del> <u>\$400</u>	<del>\$60</del> <u>\$100</u>	Over \$100,000 per month

A fee of ~~\$10~~ \$20 shall be charged for each certified copy of a license, ~~\$2~~ \$5 for each license identification card, and ~~\$2~~ \$5 for each license identification truck decal. The commissioner shall make appropriate license fee adjustments for up to one year from July 1, 1975 for persons required to be licensed hereunder, who hold validly issued licenses as of the effective date of Laws 1975, chapter 227 under the provisions of law amended or repealed herein. A licensee who sells, disposes of, or discontinues the licensee's business during the lifetime of a license shall at the time the action is taken, notify the commissioner in writing, and upon demand produce before the commissioner a full statement of all assets and liabilities as of the date of transfer or discontinuance of the business.

Money collected from license fees shall be deposited in the state treasury.

Sec. 40. Minnesota Statutes 1986, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

The fees for licenses and the penalties for late renewal of licenses set in this section apply to the sections named except as provided under section 28A.09. Except as specified herein, bonds and assessments based on number of units operated or volume handled or processed which are provided for in said laws shall not be affected, nor shall any penalties for late payment of said assessments, nor shall inspection fees, be affected by this chapter.

Type of food handler	License Fee	Penalty
1. Retail food handler		
(a) Having gross sales of less than \$50,000 for the immediately previous license or fiscal year	\$ <del>25</del> <u>\$40</u>	\$10

(b) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$ 50 <u>\$75</u>	<del>\$13</del> <u>\$25</u>
(c) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$100</u> <u>\$125</u>	<u>\$25</u> <u>\$50</u>
(d) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$200</u> <u>\$250</u>	<u>\$50</u> <u>\$75</u>
2. Wholesale food handler	\$100	\$25
(a) Having gross sales of less than <u>\$250,000 for the immediately previous license or fiscal year</u>	<u>\$100</u>	<u>\$25</u>
(b) Having <u>\$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$150</u>	<u>\$38</u>
(c) Having <u>over \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$200</u>	<u>\$50</u>
3. Food broker	\$ 50 <u>\$75</u>	<del>\$13</del> <u>\$25</u>
4. Wholesale food processor or manufacturer		
(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	<u>\$150</u> <u>\$200</u>	<u>\$38</u> <u>\$50</u>
(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$200</u> <u>\$275</u>	<u>\$50</u> <u>\$75</u>
(c) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$250</u> <u>\$350</u>	<u>\$63</u> <u>\$100</u>
5. Wholesale food processor of meat or poultry products under supervision of the U.S. Department of Agriculture		
(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	\$ 75 <u>\$100</u>	<u>\$19</u> <u>\$25</u>
(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$ 90 <u>\$150</u>	<u>\$23</u> <u>\$50</u>
(c) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$105</u> <u>\$175</u>	<u>\$27</u> <u>\$50</u>

6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese \$ 30 \$ 10

Sec. 41. Minnesota Statutes 1986, section 32.075, is amended to read:

**32.075 [TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.]**

Every license issued by the commissioner shall be for a period ending on the thirty-first day of December next following, and shall not be transferable. The fee for each such initial license shall be \$25 \$50 and each renewal thereof shall be \$10 \$25 and shall be paid to the commissioner before any license or renewal thereof is issued. If a license renewal is not applied for on or before January 1 of each year, a penalty of \$10 shall be imposed. A person who does not renew a license within one year following its December 31 expiration date, except those persons who do not renew such license while engaged in active military service, shall be required to prove competency and qualification pursuant to section 32.073, before a license is issued. The commissioner may require any other person who renews a license to prove competency and qualification in the same manner. All license fees and penalties received by the commissioner shall be paid into the state treasury.

Sec. 42. Minnesota Statutes 1986, section 32.59, is amended to read:

**32.59 [NONRESIDENT MANUFACTURER LICENSE.]**

Any person who manufactures frozen foods, mix, ice cream mix, mix base, or ice cream mix base outside of the state, for sale within the state, shall apply for registration with the department of agriculture in the form and with the information the commissioner requires. Samples of all frozen foods, mix, ice cream mix, mix base, or ice cream mix base, so manufactured for sale and sold within this state, must be submitted to the department. Each application for registration must be accompanied by a fee of \$150 \$200, which is the registration fee if a certificate of registration is granted. If the department of agriculture finds that the samples submitted are up to the accepted standards and otherwise comply with the laws of this state, it shall issue to the applicant a certificate of registration. The penalty for a late registration application is \$38 \$50 if the registration is not renewed by January 1 of any year.

Sec. 43. Minnesota Statutes 1986, section 40.01, subdivision 4, is amended to read:

Subd. 4. [~~STATE BOARD OR STATE SOIL AND WATER CONSERVATION AND SOIL RESOURCES BOARD.~~] "State board" or "~~state soil and water conservation and soil resources board~~" means the agency created in section ~~40.03~~ 110B.35.

Sec. 44. Minnesota Statutes 1986, section 40.03, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] In addition to the powers and duties hereinafter conferred upon the state soil and water conservation board by section 110B.35, it shall have the following powers and duties:

(1) ~~Prepare and present to the commissioner of agriculture a budget to finance the activities of the state board and the districts and to administer any law appropriating funds to districts. The board shall~~ Receive and disburse any grants made available to the state by the United States Department of Agriculture under the preferred program developed under United States Code, title 16, sections 2001 to 2009;

(2) Offer any appropriate assistance to the supervisors of the districts in implementing any of their powers and programs. Any funds made available to a district for expenditures necessary for the operations of the district shall be a grant to the district to be used only for purposes authorized by the state board pursuant to law. The soil and water conservation district may designate the board of county commissioners to act as the agent of the district to receive and expend these funds at the direction and with the approval of the board of supervisors of the district. At least annually the state board shall audit, in a manner it prescribes, the expenditure of funds so granted;

(3) Keep the supervisors of each district informed of the activities and experience of all other districts and facilitate cooperation and an interchange of advice and experience among the districts;

(4) Coordinate the programs and activities of the districts with appropriate agencies by advice and consultation;

(5) Approve or disapprove the plans or programs of districts relating to the use of state funds administered by the state board;

(6) Secure the cooperation and assistance of the appropriate agencies in the work of the districts and to develop a program to advise and assist appropriate agencies in obtaining state and federal funds for erosion, sedimentation, flooding and agriculturally related pollution control programs;

(7) Develop and implement a comprehensive public information program concerning the districts' activities and programs, the problems and preventive practices of erosion, sedimentation, agriculturally related pollution, flood prevention, and the advantages of formation of districts in areas where their organization is desirable;

(8) Subdivide and consolidate districts without a hearing or a referendum so as to confine districts within county limits, provided that no district, when feasible and practicable, shall contain less than four full or fractional congressional townships;

(9) Assist in the implementation of a statewide program for inventorying and classification of the types of soils throughout the state as determined by the Minnesota cooperative soil survey;

(10) Identify research needs and cooperate with other public agencies in research concerning the nature and extent of erosion, sedimentation, flooding and agriculturally related pollution, the amounts and sources of sediment and pollutants delivered to the waters of the state, and long-term soil productivity;

(11) Develop programs to reduce or prevent soil erosion, sedimentation, flooding and agriculturally related pollution, including but not limited to structural and land-use management practices;

(12) Develop a system of priorities within the state to identify the erosion, flooding, sediment and agriculturally related pollution problem areas that are most severely in need of control systems; and

(13) Ensure compliance with statewide programs and policies established by the state board pursuant to this section and section 40.02 by advice, consultation, and approval of grant agreements with the districts.

Sec. 45. Minnesota Statutes 1986, section 40.035, subdivision 2, is amended to read:

Subd. 2. For the purpose of developing the program plan, the state board may request any existing pertinent information from any state agency pursuant to section 40.03, subdivision 2, and may conduct any hearing it deems necessary.

Sec. 46. Minnesota Statutes 1986, section 40.21, subdivision 1, is amended to read:

Subdivision 1. [RULES AND MODEL ORDINANCE AS GUIDE.] The commissioner of agriculture water and soil resources board, in consultation with counties, soil and water conservation districts, and other appropriate agencies, shall adopt a model ordinance and

rules that serve as a guide for local governments to carry out the provisions of Laws 1985, chapter 256, sections 12 to 22 and sections 40.20 to 40.26, and provide administrative procedures for the state soil and water conservation board for Laws 1985, chapter 256, sections 12 to 21 and sections 40.20 to 40.26.

Sec. 47. Minnesota Statutes 1986, section 40.21, subdivision 3, is amended to read:

Subd. 3. [PERIODIC REVIEW.] At least once every five years the ~~commissioner of agriculture~~ state board shall review the rules and model ordinance in cooperation with counties, soil and water conservation districts, and appropriate agencies to ensure their continued applicability and relevance.

Sec. 48. Minnesota Statutes 1986, section 40.43, subdivision 1, is amended to read:

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. The commissioner of agriculture shall contract with the water and soil resources board to implement sections 40.40 to 40.44. 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.

Sec. 49. Minnesota Statutes 1986, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

(2) for filing annual statements, \$15;

(3) for each annual certificate of authority, \$15;

(4) for filing bylaws \$25 and amendments thereto, \$10.

(b) by other domestic and foreign companies including fraternal and reciprocal exchanges:

(1) for filing certified copy of certificate of articles of incorporation, ~~\$50~~ \$100;

(2) for filing annual statement, ~~\$30~~ \$225;

(3) for filing certified copy of amendment to certificate or articles of incorporation, ~~\$50~~ \$100;

(4) for filing bylaws, ~~\$25~~ \$75 or amendments thereto, ~~\$10~~ \$75;

(5) for each company's certificate of authority, ~~\$40~~ \$575, annually.

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, ~~\$5~~ \$15;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, ~~\$40~~ \$575;

(4) for receiving and forwarding each notice, proof of loss, summons, complaint or other process served upon the commissioner of commerce, as attorney for service of process upon any nonresident agent or insurance company, including reciprocal exchanges, \$15 plus the cost of effectuating service by certified mail, which amount must be paid by the party serving the notice and may be taxed as other costs in the action;

(5) for valuing the policies of life insurance companies, one cent per \$1,000 of insurance so valued. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(6) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(7) for issuing an initial license to an individual agent, \$20 per license, for issuing an initial agent's license to a partnership or corporation, \$50, and for issuing an amendment (variable annuity) to a license, \$20, and for renewal of amendment, \$20;

(8) for each appointment of an agent filed with the commissioner, a domestic insurer shall remit \$5 and all other insurers shall remit \$3;

(9) for renewing an individual agent's license, \$20 per year per license, and for renewing a license issued to a corporation or partnership, \$50 per year;

(10) for issuing and renewing a surplus lines agent's license, \$150;

(11) for issuing duplicate licenses, \$5;

(12) for issuing licensing histories, \$10;

(13) ~~for processing checks returned due to insufficient funds, \$15;~~

(14) for filing forms and rates, ~~\$10~~ \$50 per filing. The commissioner shall adopt rules to define filings that are subject to a fee;

(14) for annual renewal of surplus lines insurer license, \$300.

Sec. 50. Minnesota Statutes 1986, section 60A.206, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR RECOGNITION.] An insurer not otherwise licensed to engage in the business of insurance in Minnesota may apply for recognition as an eligible surplus lines insurer by filing an application in the form and with the information as reasonably required by the commissioner regarding the insurer's financial stability, reputation, integrity ~~and~~, operating plans, ~~and by submitting a license fee of \$500.~~ The commissioner may delegate to an association the power to process and make recommendations on applications for recognition as an eligible surplus lines insurer. Notwithstanding delegation by the commissioner, an applicant may file an application directly with the commissioner.

Sec. 51. Minnesota Statutes 1986, section 60A.23, subdivision 7, is amended to read:

Subd. 7. [LICENSES REQUIRED FOR EMPLOYERS MAKING DEDUCTIONS FROM WAGES FOR CERTAIN PURPOSES.] (1) [REQUIREMENTS.] No employer shall make deductions from the wages of employees for the purpose of furnishing them with life insurance, funeral benefits, medical or hospital care, accident, sickness or old age insurance or benefits, unless the employer first receives from the commissioner of commerce a license for the benefit plan the employer operates or proposes to operate. The license shall be granted only when the commissioner is satisfied that the benefits given are commensurate with the charges made and that the charges will keep the fund solvent. All licenses shall be for the period of one



year. The commissioner may require a statement of the operation of the fund, on a form to be prescribed by the commissioner, before granting a renewal. The fee for a license is ~~\$25~~ \$250 and for filing the annual statement ~~\$10~~ \$40. Any fees received by the commissioner pursuant to this subdivision shall be paid into the general fund. Before granting a license the commissioner of commerce shall submit the proposed plan to the chair of the workers' compensation court of appeals in order that the chair may determine whether the benefits are in conjunction with the benefits under the workers' compensation act.

(2) [EXCEPTIONS.] The requirements of clause (1) shall not apply to deductions made from the employees' wages for group insurance issued by insurers authorized to transact business in this state nor to railroad companies engaged in interstate commerce.

(3) [PENALTY.] Any person, firm, corporation, or association that makes deductions from the wages of an employee in violation of clause (1) shall be guilty of a misdemeanor.

Sec. 52. Minnesota Statutes 1986, section 70A.14, subdivision 4, is amended to read:

Subd. 4. [DURATION.] Licenses issued pursuant to this section shall remain in effect until the licensee withdraws from the state or until the license is suspended or revoked. The fee for each license shall be ~~\$100~~ \$1,000, payable every three years.

Sec. 53. Minnesota Statutes 1986, section 83.23, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION.] Unless the method of offer or sale is adopted for the purpose of evasion of sections 83.20 to 83.42, 83.43 and 83.44, subdivided lands may be registered by notification provided that all of the following requirements have been met:

(a) the subdivision consists of not more than 100 separate lots, units, parcels, or interests;

(b) at least 20 days prior to any offer pursuant to this subdivision, the subdivider must supply the commissioner, on forms which the commissioner may by rule prescribe, at least the following information:

(1) the name and address of the subdivider and the form and date of its organization if other than an individual;

(2) the location and legal description of the subdivision and the total number of lots, parcels, units, or interests;

(3) either a title opinion prepared and signed by an attorney licensed to practice law in the state wherein the subdivided land is situated; or a certificate of title insurance or its equivalent acceptable to the commissioner;

(4) a copy of each instrument which will be delivered to a purchaser to evidence the purchaser's interest in the subdivided lands and a copy of each contract or other agreement which a purchaser will be required to agree to or sign, together with the range of selling prices, rates, or rentals at which it is proposed to offer the lots, units, parcels, or interests in the subdivision, a list of fees the purchaser may be required to pay for amenities or membership in groups including, but not limited to, homeowners' associations, country clubs, golf courses, and other community organizations; and

(5) a copy of a signed and approved plat map or its equivalent;

(c) a filing fee of ~~\$100~~ \$150 has been paid;

(d) the subdivider is in compliance with the service of process provisions of section 83.39.

The commissioner may by rule or order withdraw or further condition registration by notification or increase or decrease the number of lots, units, parcels, or interests in subdivided lands permitted for registration by notification. If no stop order is in effect, no proceeding is pending, and no order has been issued under subdivision 4, a registration statement under this section automatically becomes effective at 5:00 in the afternoon on the 20th full business day after the filing of the registration statement or the last amendment, or at such earlier time as the commissioner by order determines.

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

Subdivisions in which all the improvements are complete and paid for by the developer, and for which clear title can be given the purchaser at the closing, are exempt from providing independently certified financial statements.

Sec. 54. Minnesota Statutes 1986, section 83.23, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATION.] Subdivided lands may be registered by qualification provided all of the following requirements have been met:

(a) an application for registration has been filed with the commissioner in a format which the commissioner may by rule prescribe;

(b) the commissioner has been furnished a proposed public offering statement complying with section 83.24;

(c) a filing fee of ~~\$250~~ \$400 plus an additional registration fee of \$1 for each lot, unit, parcel, or interest included in the offering accompanies the application. The maximum combined filing and registration fees shall in no event be more than ~~\$2,500~~ \$3,500;

(d) the subdivider is in compliance with service of process provisions of section 83.39;

(e) the commissioner has been furnished a financial statement of the subdivider's most recent fiscal year, audited by an independent certified public accountant; and, if the fiscal year of the subdivider is more than 90 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 90 days of the date of application.

Subdivisions in which all the improvements are complete and paid for by the developer, and for which clear title can be given the purchaser at the closing, are exempt from providing independently certified financial statements.

An application for registration under this section becomes effective when the commissioner so orders.

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

Sec. 55. Minnesota Statutes 1986, section 83.30, subdivision 2, is amended to read:

Subd. 2. [FEE.] Every annual report filed pursuant to section 83.23, subdivision 2, shall be accompanied by a fee of ~~\$50~~ \$75. Every annual report filed pursuant to section 83.23, subdivision 3, shall be accompanied by a fee of ~~\$100~~ \$150.

Sec. 56. Minnesota Statutes 1986, section 105.73, is amended to read:

#### 105.73 [DEFINITIONS.]

Unless the context clearly indicates a different meaning is intended, the following terms for the purposes of this chapter shall be given the meanings ascribed to them in this section.

Board—Minnesota water and soil resources board.

Proceeding—Any procedure under any of the laws enumerated in section 105.74 however administrative discretion or duty thereunder may be invoked in any instance.

Agency—Any state officer, board, commission, bureau, division, or agency, other than a court, exercising duty or authority under any of the laws enumerated in section 105.74.

Court—The court means the district court or a judge thereof before whom the proceedings are pending.

Question of water policy—Where use, disposal, pollution, or conservation of water is a purpose, incident, or factor in a proceeding, the question or questions of state water law and policy involved, including either (a) determination of the governing policy of state law in the proceeding, resolving apparent inconsistencies between different statutes, (b) the proper application of that policy to facts in the proceeding when application is a matter of administrative discretion, or both (a) and (b).

Sec. 57. Minnesota Statutes 1986, section 110B.02, subdivision 2, is amended to read:

Subd. 2. [BOARD.] “Board” means the water and soil resources board.

Sec. 58. [110B.35] [WATER AND SOIL RESOURCES BOARD.]

Subdivision 1. [BOARD ESTABLISHED; MEMBERS.] The water and soil resources board is established as an agency of the state to perform the functions conferred upon it by law. The board is composed of 12 voting members knowledgeable of water and soil problems and conditions within the state. The board shall be appointed in accordance with this section. The membership of the board shall be as follows:

- (1) three county commissioners;
- (2) three soil and water conservation district supervisors;
- (3) three watershed district or watershed management organization representatives; and
- (4) three citizens who are not employed by, or the appointed or elected official of, any governmental office, board, or agency.

Subd. 2. [MEMBER DISTRIBUTION.] Members shall be distributed across the state with at least three members but not more than five members from the metropolitan area, as defined in section

473.121, subdivision 2, and one member from each of the soil and water conservation administrative regions.

Subd. 3. [EX OFFICIO NONVOTING MEMBERS.] The following agencies shall each provide one nonvoting member to the board:

- (1) department of agriculture;
- (2) department of health;
- (3) department of natural resources; and
- (4) pollution control agency.

Subd. 4. [NOMINEES.] All voting members must be appointed by the governor. The governor shall appoint a member of the board to serve as the chair, with the advice and consent of the senate. In making the appointments, the governor may consider persons recommended by the association of Minnesota counties, the Minnesota association of soil and water conservation districts, and the Minnesota association of watershed districts. The list submitted by an association shall contain at least three nominees for each applicable position to be filled.

Subd. 5. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] Except as provided in this subdivision and subdivision 1, the membership terms, compensation, removal of members and filling of vacancies on the board for the members specified in subdivision 1 shall be as provided in section 15.0575.

Subd. 6. [EMPLOYEES.] The board may employ an executive director who shall serve in the unclassified service and other permanent and temporary employees in accordance with chapter 43A. The board may prescribe the powers and duties of its officers and employees and may authorize its employees and members of the board to act on behalf of the board.

Subd. 7. [OFFICERS; QUORUM; RECORDS; AUDIT.] The board shall elect a vice-chair and any other officers that it considers necessary from its membership. A majority of the board shall constitute a quorum. The board may hold public hearings and adopt rules necessary to execute its duties provided in law.

Subd. 8. [ADMINISTRATIVE SERVICES.] The commissioner of administration shall provide and make available within the department of agriculture suitable and adequate office facilities and space for the board. The commissioner of agriculture shall provide and make available administrative services required by the board in administration of its functions.

Subd. 9. [POWERS AND DUTIES.] In addition to the powers and duties prescribed elsewhere, the board has the following powers and duties:

(1) coordinate the water and soil resources planning activities of counties, soil and water conservation districts, watershed districts, watershed management organizations, and any other local units of government through its various authorities for approval of local plans, administration of state grants, and by other means as may be appropriate;

(2) facilitate communication and coordination among state agencies in cooperation with the environmental quality board, and between state and local units of government, in order to make the expertise and resources of state agencies involved in water and soil resources management available to the local units of government to the greatest extent possible;

(3) coordinate state and local interests with respect to the study in southwestern Minnesota under United States Code, title 16, section 1009;

(4) develop information and education programs designed to increase awareness of local water and soil resources problems and awareness of opportunities for local government involvement in preventing or solving them;

(5) provide a forum for the discussion of local issues and opportunities relating to water and soil resources management;

(6) adopt an annual budget and work program that integrates the various functions and responsibilities assigned to it by law; and

(7) report to the governor and the legislature by October 15 of each even-numbered year with an assessment of board programs and recommendations for any program changes and board membership changes necessary to improve state and local efforts in water and soil resources management.

Subd. 10. [COMMITTEE FOR DISPUTE RESOLUTION.] A committee of the board is established to hear and resolve on behalf of the board disputes, appeals, and interventions under sections 105.72 to 105.79, 110B.25, 112.801, and 473.878, subdivision 7. The committee shall consist of the three citizen members of the board specified in subdivision 1, clause (4), and two additional members appointed by the board chair.

Sec. 59. Minnesota Statutes 1986, section 112.35, subdivision 4, is amended to read:

Subd. 4. "Board" means the Minnesota water and soil resources board established by section ~~105.71~~ 110B.35.

Sec. 60. Minnesota Statutes 1986, section 116C.03, subdivision 2, is amended to read:

Subd. 2. The board shall include as members the director of the state planning agency, the director of the pollution control agency, the commissioner of natural resources, the commissioner of agriculture, the commissioner of health, the commissioner of transportation, the chair of the water and soil resources board, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members shall have knowledge of and be conversant in water management issues in the state.

Sec. 61. Minnesota Statutes 1986, section 144.226, subdivision 3, is amended to read:

Subd. 3. [BIRTH CERTIFICATE COPY SURCHARGE.] In addition to any fee prescribed under subdivision 1, there shall be a surcharge of ~~\$2~~ \$3 for each certified copy of a birth certificate. The local or state registrar shall forward this amount to the commissioner of finance for deposit into the account for the children's trust fund for the prevention of child abuse established under section 299A.22. This surcharge shall not be charged under those circumstances in which no fee for a certified copy of a birth certificate is permitted under subdivision 1, paragraph (a). Upon certification by the commissioner of finance that the assets in that fund exceed \$20,000,000, this surcharge shall be discontinued.

Sec. 62. Minnesota Statutes 1986, section 296.17, subdivision 9a, is amended to read:

Subd. 9a. [MINNESOTA BASED INTERSTATE CARRIERS.] Notwithstanding the exemption contained in subdivision 9, as the commissioner of public safety enters into interstate fuel tax compacts which require base state licensing and filing and which eliminate filing in the nonresident compact states, the Minnesota based motor vehicles registered pursuant to section 168.187 will be required to license under the fuel tax compact in Minnesota.

The commissioner of public safety will have all the powers granted to the commissioner of revenue under this section, including the authority to collect and issue licenses, to collect the tax due, and issue any refunds. All license fees paid to the commissioner of public safety pursuant to subdivision 10 will be deposited in the general fund. The commissioner shall charge an annual fee of \$13 for applications for quarterly reporting of fuel tax under this subdivision.

Sec. 63. Minnesota Statutes 1986, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, or between July 1, 1985, and June 30, 1987, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, 1985, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) Except as provided in paragraph ~~(f)~~ (m), ~~37.5~~ 7.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 12.5~~ Two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) Except as provided in paragraph ~~(f)~~ (m), ~~56.25~~ 15 percent of the proceeds collected after June 30, 1989, and before July 1, ~~1991~~ 1990, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 18.75~~ Five percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) Except as provided in paragraph ~~(f)~~ (m), ~~75~~ 22.5 percent of the proceeds collected after June 30, ~~1991~~ 1990, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 25~~ Seven and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) Except as provided in paragraph (m), 30 percent of the proceeds collected after June 30, 1991, and before July 1, 1992, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in



that fund. Ten percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(g) Except as provided in paragraph (m), 37.5 percent of the proceeds collected after June 30, 1992, and before July 1, 1993, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twelve and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(h) Except as provided in paragraph (m), 45 percent of the proceeds collected after June 30, 1993, and before July 1, 1994, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Fifteen percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(i) Except as provided in paragraph (m), 52.5 percent of the proceeds collected after June 30, 1994, and before July 1, 1995, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Seventeen and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(j) Except as provided in paragraph (m), 60 percent of the proceeds collected after June 30, 1995, and before July 1, 1996, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twenty percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(k) Except as provided in paragraph (m), 67.5 percent of the proceeds collected after June 30, 1996, and before July 1, 1997, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twenty-two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(l) Except as provided in paragraph (m), 75 percent of the proceeds collected after June 30, 1997, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25

percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) (m) The distributions under paragraphs (c), (d), and (e) to (l) to the highway user tax distribution fund shall be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance shall, prior to making the transfers required under subdivision 1 on July 15 and January 15 of each year, estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period under subdivision 1.

Sec. 64. Minnesota Statutes 1986, section 299A.23, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] An advisory council of 15 members is established under section 15.059. The commissioners of human services, health, education, and corrections shall each appoint one member. The subcommittee on committees of the senate and the speaker of the house of representatives shall each appoint two members of their respective bodies, one from each caucus. The governor shall appoint an additional seven members who shall demonstrate knowledge in the area of child abuse and shall represent the demographic and geographic composition of the state, and to the extent possible, represent the following groups: local government, parents, racial and ethnic minority communities, the religious community, professional providers of child abuse prevention and treatment services, and volunteers in child abuse prevention and treatment services. The council shall advise and assist the commissioner in carrying out Laws 1986, chapter 423. The council shall not expire as provided by section 15.059, subdivision 5.

Sec. 65. Minnesota Statutes 1986, section 299A.25, subdivision 3, is amended to read:

Subd. 3. [USE OF FUNDS.] Priority must be given to applicants whose matching funds must do not consist, in whole or in part, of state or federal funds. Any trust fund money received must not be used to compensate for a decrease in previously existing funding levels unless that decrease is attributable to a decision made by state, federal, or other entities not controlled by the applicant and the applicant demonstrates that it has made reasonable efforts to retain all previously existing funding.

Sec. 66. Minnesota Statutes 1986, section 299A.25, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE EXPENSES.] For fiscal years 1988 and 1989, the commissioner may keep up to five percent retain up to \$200,000 of trust fund money collected in any year under sections 299A.26 and 144.226, subdivision 3, for administering and otherwise carrying out responsibilities under Laws 1986, chapter 423, except that. During fiscal year 1987 the commissioner may keep up to \$75,000 of trust fund money collected for these purposes. The approved complement of the department of public safety is increased by one unclassified and one classified position in the civil service of the state.

Sec. 67. Minnesota Statutes 1986, section 309.531, subdivision 1, is amended to read:

Subdivision 1. No person shall act as a professional fund raiser unless licensed by the department. Applications for a license shall be in writing, under oath, in the form prescribed by the department and shall be accompanied by an application fee of ~~\$25~~ \$200. Each license shall be effective for a period of not more than 12 months from the date of issuance, and in any event shall expire on July 30 next following the date of issuance.

Sec. 68. Minnesota Statutes 1986, section 326.241, subdivision 3, is amended to read:

Subd. 3. [FEES AND FINANCES; DISPOSITION.] All license fees collected under the provisions of sections 326.241 to 326.248 are to be credited to the general fund. The expenses of administering sections 326.241 to 326.248 shall be paid from appropriations made to the board of electricity a special account in the state treasury. Money in the account is appropriated to the board of electricity to administer and enforce sections 326.241 to 326.248, to pay indirect costs, to compensate contract electrical inspectors for inspections performed, and to make refunds.

Sec. 69. Minnesota Statutes 1986, section 326.244, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] (a) At or before commencement of any installation required to be inspected by the board, the electrical contractor, installer, special electrician, or owner making the installation shall submit to the board a request for inspection, in a form prescribed by the board, together with the fees required for the installation.

(b) The fees required are a handling fee and an inspection fee. The handling fee shall be set by the board in an amount sufficient to pay the cost of printing and handling the form requesting an inspection. The inspection fee shall be set by the board in an amount sufficient to pay the actual costs of the inspection and the board's costs in administering the inspection. All fees shall be set pursuant to the procedure of sections 14.01 to 14.70.

(c) All handling fees shall be deposited in the general fund. All inspection fees collected pursuant to this section shall be deposited by the board in a special revenue bookkeeping account of the treasury and are appropriated to the board for the purpose of compensating contract inspectors for inspections performed, for transfer to the general fund of the portion of the fee representing inspection administration costs, and for making refunds.

(d) If the inspector finds that the installation is not in compliance with accepted standards of construction for safety to life and property as required by section 326.243, the inspector shall by written order condemn the installation or noncomplying portion thereof, or order service to the installation disconnected, and shall send a copy of the order to the board. If the installation or the noncomplying part will seriously and proximately endanger human life and property, the order of the inspector, when approved by the inspector's superior, shall require immediate condemnation or disconnection. In all other cases, the order of the inspector shall permit a reasonable opportunity for the installation to be brought into compliance with accepted standards of construction for safety to life and property prior to the effective time established for condemnation or disconnection.

(e) (d) Copies of each condemnation or disconnection order shall be served personally or by mail upon the property owner, and the electrical contractor, installer, or special electrician making the installation, and other persons as the board by rule may direct. An aggrieved party may appeal any condemnation or disconnection order by filing with the board a notice of appeal within ten days after (1) service upon the aggrieved party of the condemnation or disconnection order, if this service is required, or (2) filing of the order with the board, whichever is later. The appeal shall proceed and the order of the inspector shall have the effect the order, by its terms, and the rules of the board provides. The board shall adopt rules providing procedures for the conduct of appeals, including provisions for the

stay of enforcement of the order of the inspector pending such appeal when justified by the circumstances.

Sec. 70. Minnesota Statutes 1986, section 332.33, subdivision 3, is amended to read:

Subd. 3. Licenses granted by the commissioner of commerce under sections 332.31 to 332.45 shall expire on June 30. All renewals of licenses shall likewise expire on June 30. Each license shall plainly state the name and business address of the licensee, and shall be posted in a conspicuous place in the office where the business is transacted. The fee for each license shall be \$500 and renewal shall be \$100 \$400. A licensee who desires to carry on business in more than one place within the state shall procure a license for each place where the business is to be conducted.

Sec. 71. Minnesota Statutes 1986, section 332.33, subdivision 4, is amended to read:

Subd. 4. The commissioner may require such financial statements and references of all applicants for a license as the commissioner deems necessary; and may make or cause to be made an independent investigation concerning the applicant's reputation, integrity, competence, and net worth, at the expense of the applicant for such initial investigation, not to exceed \$100 \$500, and for that purpose may require such deposit against the cost thereof as the commissioner deems adequate. Such investigation may cover all managerial personnel employed by or associated with the applicant.

Sec. 72. Minnesota Statutes 1986, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [~~AMOUNT; I-394 FACILITIES AMOUNTS.~~] (a) The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding ~~\$8,500,000~~ \$17,000,000 for ~~expenditure~~ financial assistance to the commission, as prescribed in the implementation plan of the board and the capital program of the commission. ~~Of this~~

(b) The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount, no more than not exceeding \$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. 73. Minnesota Statutes 1986, section 473.876, is amended by adding a subdivision to read:

Subd. 1a. [BOARD.] "Board," unless the context indicates otherwise, means the water and soil resources board created in section 110B.35.

Sec. 74. Minnesota Statutes 1986, section 473.877, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF WATERSHED BOUNDARIES.] Before commencing planning under section 473.878, a watershed management organization established pursuant to section 471.59 and this section shall submit a map delineating the boundaries of the watershed to the water and soil resources board for review and comment on the conformance of the boundaries with the requirements of sections 473.875 to 473.883. The board shall have 60 days to comment.

Sec. 75. Minnesota Statutes 1986, section 473.8771, subdivision 1, is amended to read:

Subdivision 1. [BOUNDARY CHANGE.] The boundaries of a watershed district wholly within the metropolitan area may be changed pursuant to this subdivision or chapter 112. The governing board of a watershed management organization may petition the water and soil resources board for an order changing the boundaries of a watershed district wholly within the metropolitan area, either by adding new territory to the district or by transferring territory that is within the district to the jurisdiction of another watershed management organization. The petition must:

(a) describe with particularity the change in boundary requested, the territory affected, and the reasons for the change;

(b) show that the change is consistent with the purposes and requirements of sections 473.875 to 473.883; and

(c) identify any property subject to subdivision 3.  
The petition must be accompanied by a written statement of concurrence in the petition from the governing body of each statutory or home rule charter city and town and each watershed management organization having jurisdiction over the territory proposed to be added or transferred. Upon the filing of a sufficient petition, the water resources board shall give notice of the filing of the petition by publication once each week for two successive weeks in a legal newspaper in each county affected and by mail to the county auditor of each county affected and to the chief official of each statutory or home rule charter city and township affected. The notice must describe the action proposed by the petition and invite written comments on the petition for consideration by the board. The notice

must announce that any person who objects to the action proposed in the petition may submit a written request for hearing to the board within 20 days of the last publication of the notice of the filing of the petition and that if no timely request for hearing is received the board will make a decision on the petition pursuant to this subdivision without conducting the public hearing required under chapter 112. If no timely request for hearing is received the board shall make a decision on the petition without a hearing within 30 days after the last publication of the notice. If one or more timely requests for hearing are received the board shall hold a hearing on the petition and shall follow the procedures in chapter 112 regarding notice and conduct of hearings. After completing the procedures required by this subdivision, the board shall, by its findings and order, make the boundary change requested if the board determines that:

(a) (i) the governing body of each statutory or home rule charter city and town and each watershed management organization having jurisdiction over the territory proposed to be added or transferred concurs in the petition,

(b) (ii) the change is consistent with the purposes and requirements of sections 473.875 to 473.883, and

(c) (iii) the change can be accomplished in conformance with subdivision 3.

The board shall file a certified copy of the findings and order with the secretary of state. The order making the change must conform to subdivision 3. The order making the change may amend the order prescribing the distribution of managers of the district.

Sec. 76. Minnesota Statutes 1986, section 473.8771, subdivision 2, is amended to read:

Subd. 2. [TERMINATION.] A watershed district wholly within the metropolitan area may be terminated pursuant to this subdivision or chapter 112. Proceedings for termination under this subdivision must be initiated by a petition to the water and soil resources board filed jointly by the governing bodies of all statutory and home rule charter cities and towns having jurisdiction over territory within the watershed. Upon the filing of a sufficient petition, the board shall hold a hearing in accordance with the procedures prescribed in chapter 112, to take testimony on the determinations required to be made by the board. Following the hearing, the board shall, by its findings and order, terminate the district as requested if the board determines:

(a) that the local units of government having jurisdiction over territory within the watershed have formed a joint powers organization for the watershed pursuant to section 473.877,

(b) that upon termination of the district the members of the joint powers organization, jointly or severally, are willing and able to assume ownership of the district's assets and the responsibility for managing and maintaining the district's projects as necessary to accomplish the purposes of sections 473.875 to 473.883 and to implement the watershed plan of the joint powers organization to be developed pursuant to section 473.878, and

(c) that the termination can be accomplished in conformance with subdivision 3.

The board shall file a certified copy of the findings and order with the secretary of state. The order terminating the district must transfer the assets of the district to the joint powers organization or its members. The order must conform to subdivision 3.

Sec. 77. Minnesota Statutes 1986, section 473.878, subdivision 7, is amended to read:

Subd. 7. [REVIEW BY STATE AGENCIES.] After completion of the review under subdivision 6, the plan shall be submitted to the commissioner of natural resources and the pollution control agency for review and comment on the consistency of the plan with state laws and rules relating to water and related land resources, and to the water and soil resources board for review under section 112.46. Except as otherwise provided in this subdivision, the water and soil resources board shall review the plan as provided in section 112.46. The board shall review the plan for conformance with the requirements of chapter 112 and sections 473.875 to 473.883. The board shall not prescribe a plan, but may disapprove all or parts of a plan which it determines is not in conformance with the requirements of chapter 112 and sections 473.875 to 473.883. If the capital improvement program is the subject of a dispute between counties, the water and soil resources board shall make a final decision on the issue. The decision shall be binding on the organization and the counties involved.

Sec. 78. Minnesota Statutes 1986, section 473.878, subdivision 8, is amended to read:

Subd. 8. [ADOPTION; IMPLEMENTATION.] The organization shall adopt and implement its plan within 120 days after compliance with the provisions of subdivision 7 and approval of the plan by the water and soil resources board. A watershed district may implement its approved plan and approved capital improvement program by resolution of the majority of the board of managers and without respect to the provisions of chapter 112 requiring the managers to wait upon petitions for projects, to submit projects for review by the water and soil resources board, and to limit the cost and purposes of projects.

Sec. 79. [REPEALER.]



Minnesota Statutes 1986, sections 17.039; 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; 116C.41, subdivision 2; and 473.398, are repealed.

Sec. 80. [EFFECTIVE DATE.]

The appropriations allocated for the fiscal year ending June 30, 1987, in sections 5, subdivision 10, and 8, subdivision 2 are effective the day following final enactment.

Delete the title and insert:

“A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; requiring studies and reports; prescribing and providing for certain funds, accounts, taxes, fares, and fees; amending Minnesota Statutes 1986, sections 12.14; 17A.04, subdivision 5; 18.51, subdivision 2; 18.52, subdivision 5; 18.53; 27.041, subdivision 2; 28A.08; 32.075; 32.59; 40.01, subdivision 4; 40.03, subdivision 4; 40.035, subdivision 2; 40.21, subdivisions 1 and 3; 40.43, subdivision 1; 60A.14, subdivision 1; 60A.206, subdivision 2; 60A.23, subdivision 7; 70A.14, subdivision 4; 83.23, subdivisions 2 and 3; 83.30, subdivision 2; 105.73; 110B.02, subdivision 2; 112.35, subdivision 4; 116C.03, subdivision 2; 144.226, subdivision 3; 296.17, subdivision 9a; 297B.09, subdivision 2; 299A.23, subdivision 2; 299A.25, subdivisions 3 and 6; 309.531, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 332.33, subdivisions 3 and 4; 473.39, subdivision 1a; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1986, sections 17.039; 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; 116C.41, subdivision 2; and 473.398.”

The motion prevailed and the amendment was adopted.

Waltman moved to amend S. F. No. 1516, as amended, as follows:

Page 2, line 7, delete “\$88,729,600” and insert “\$88,629,600” and delete “\$177,981,300” and insert “\$177,881,300”

Page 2, line 16, delete “\$1,022,653,400” and insert “\$1,022,553,400” and delete “\$2,045,202,900” and insert “\$2,045,102,900”

Page 20, line 27, delete “9,620,400” and insert “9,520,400”

Page 21, line 6, delete “325,000” and insert “225,000”

Page 21, delete lines 7 to 15

A roll call was requested and properly seconded.

The question was taken on the Waltman amendment and the roll was called. There were 40 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Kludt	Onnen	Stanius
Bennett	Gruenes	Marsh	Quist	Swiggum
Blatz	Gutknecht	McDonald	Redalen	Swenson
Burger	Haukoos	McKasy	Richter	Thiede
Carlson, D.	Heap	McPherson	Rose	Tjornhom
Clausnitzer	Himle	Morrison	Schafer	Uphus
Dempsey	Hugoson	Olsen, S.	Schreiber	Valento
Frederick	Johnson, V.	Omann	Shaver	Waltman

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Orenstein	Segal
Battaglia	Jefferson	Lieder	Osthoff	Simoneau
Bauerly	Jennings	Long	Otis	Skoglund
Beard	Jensen	McEachern	Ozment	Solberg
Begich	Johnson, A.	McLaughlin	Pappas	Sparby
Bertram	Johnson, R.	Milbert	Pelowski	Steensma
Brown	Kahn	Minne	Peterson	Trimble
Carlson, L.	Kalis	Munger	Price	Tunheim
Carruthers	Kelly	Murphy	Quinn	Vanasek
Clark	Kelso	Nelson, C.	Reding	Voss
Cooper	Kinkel	Nelson, D.	Rest	Wagenius
Dauner	Knuth	Neuenschwander	Rice	Wenzel
DeBlicke	Kostohryz	O'Connor	Rodosovich	Winter
Dille	Krueger	Olson, E.	Sarna	Wynia
Dorn	Larsen	Olson, K.	Scheid	Spk. Norton

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

#### CALL OF THE HOUSE

On the motion of Vanasek and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Dauner	Jennings	Marsh	O'Connor
Anderson, R.	DeBlicke	Johnson, A.	McDonald	Olsen, S.
Battaglia	Dempsey	Johnson, R.	McEachern	Olson, E.
Bauerly	Dille	Kalis	McKasy	Olson, K.
Beard	Forsythe	Kelly	McLaughlin	Omann
Begich	Frederick	Kelso	McPherson	Onnen
Bennett	Frerichs	Kinkel	Milbert	Orenstein
Bertram	Greenfield	Kludt	Miller	Osthoff
Blatz	Gruenes	Knuth	Minne	Otis
Boo	Gutknecht	Kostohryz	Morrison	Ozment
Brown	Haukoos	Krueger	Munger	Pappas
Carlson, D.	Heap	Larsen	Murphy	Pelowski
Carlson, L.	Himle	Lasley	Nelson, C.	Peterson
Carruthers	Hugoson	Lieder	Nelson, D.	Poppenhagen
Clark	Jaros	Long	Neuenschwander	Price

Quist	Sarna	Simoneau	Tjornhom	Wagenius
Reding	Schafer	Skoglund	Tompkins	Waltman
Rest	Scheid	Solberg	Trimble	Wenzel
Rice	Schoenfeld	Sparby	Tunheim	Winter
Richter	Schreiber	Stanius	Uphus	Spk. Norton
Rodosovich	Seaberg	Steensma	Valento	
Rose	Segal	Sviggum	Vanasek	
Rukavina	Shaver	Thiede	Voss	

Vanasek 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.

Johnson, V.; Miller; Tompkins; Thiede and Schafer et al moved to amend S. F. No. 1516, as amended, as follows:

Pages 45 to 49, delete section 63 and insert:

“Sec. 63. Minnesota Statutes 1986, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, or between July 1, 1985, and June 30, ~~1987~~ 1986, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, 1985, and 18.75 percent of the proceeds collected after June 30, 1986, and before July 1, 1987, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) Except as provided in paragraph (f), 37.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 12.5 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) Except as provided in paragraph (f), 56.25 percent of the proceeds collected after June 30, 1989, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money

in that fund. The remaining 18.75 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) Except as provided in paragraph (f), 75 percent of the proceeds collected after June 30, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) The distributions under paragraphs (c), (d), and (e) to the highway user tax distribution fund shall be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance shall, prior to making the transfers required under subdivision 1 on July 15 and January 15 of each year, estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period under subdivision 1.

#### Sec. 64. [TRANSFER OF FUNDS.]

Notwithstanding Minnesota Statutes 1986, section 297B.09, subdivision 1, on or before June 30, 1987, the commissioner of finance shall transfer the amount specified for transfer under section 63 for fiscal year 1987 from the general fund to the highway user tax distribution fund and the transit assistance fund."

Renumber the sections in sequence

A roll call was requested and properly seconded.

The Speaker called Long to the Chair.

The question was taken on the Johnson, V., et al amendment and the roll was called.

Pursuant to rule 2.5, Bauerly requested that he be excused from voting on the Johnson, V., et al amendment to S. F. No. 1516, as amended. The request was granted.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	McKasy	Pauly	Sviggum
Bennett	Frerichs	McPherson	Pelowski	Swenson
Bishop	Gruenes	Milbert	Poppenhagen	Thiede
Blatz	Gutknecht	Miller	Quist	Tjornhom
Boo	Haukoos	Morrison	Redalen	Tompkins
Burger	Heap	Munger	Richter	Uphus
Carlson, D.	Himle	Nelson, C.	Rose	Valento
Clausnitzer	Hugoson	Olsen, S.	Schafer	Waltman
Cooper	Jensen	Olsen, E.	Schreiber	Welle
Dauner	Johnson, V.	Olsen, K.	Seaberg	Winter
Dempsey	Kelso	Omann	Shaver	
Dille	Marsh	Onnen	Sparby	
Forsythe	McDonald	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Jefferson	Lieder	Peterson	Skoglund
Battaglia	Jennings	Long	Price	Solberg
Beard	Johnson, A.	McEachern	Quinn	Steensma
Begich	Johnson, R.	McLaughlin	Reding	Trimble
Bertram	Kahn	Minne	Rest	Tunheim
Brown	Kalis	Murphy	Rice	Vanasek
Carlson, L.	Kelly	Nelson, D.	Riveness	Voss
Carruthers	Kinkel	Nelson, K.	Rodosovich	Wagenius
Clark	Kludt	Neuenschwander	Rukavina	Wenzel
DeBlieck	Knuth	O'Connor	Sarna	Wynia
Dorn	Kostohryz	Orenstein	Scheid	Spk. Norton
Greenfield	Krueger	Osthoff	Schoenfeld	
Jacobs	Larsen	Otis	Segal	
Jaros	Lasley	Pappas	Simoneau	

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

Marsh, Hugoson and Frerichs moved to amend S. F. No. 1516, as amended, as follows:

Page 2, line 23, delete "865,537,600" and insert "866,537,600"

Page 2, line 23, delete "864,563,900" and insert "865,563,900"

Page 2, line 34, delete "4,492,200" and insert "5,492,200"

Page 2, line 34, delete "4,377,200" and insert "5,377,200"

Page 5, line 7, delete "4,912,500" and insert "5,912,500"

Page 5, line 7, delete "4,912,500" and insert "5,912,500"

Page 5, line 9, delete "3,765,000" and insert "4,765,000"

Page 5, line 9, delete "3,765,000" and insert "4,765,000"

Page 8, line 42, delete "20,126,500" and insert "19,126,500"

Page 8, line 42, delete "20,126,500" and insert "19,126,500"

Page 8, line 44, delete "15,526,500" and insert "14,526,500"

Page 8, line 44, delete "15,526,500" and insert "14,526,500"

Page 8, line 50, delete "11,721,500" and insert "10,721,500"

Page 8, line 50, delete "11,721,500" and insert "10,721,500"

A roll call was requested and properly seconded.

The question was taken on the Marsh et al amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 47 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dempsey	Johnson, R.	Olson, K.	Steensma
Bertram	Dille	Johnson, V.	Omann	Swiggum
Bishop	Dorn	Kinkel	Onnen	Swenson
Boo	Frerichs	Kludt	Poppenhagen	Thiede
Brown	Frerichs	Marsh	Quist	Uphus
Burger	Gruenes	McDonald	Redalen	Waltman
Carlson, D.	Gutknecht	McKasy	Richter	Winter
Cooper	Haukoos	McPherson	Schafer	
Dauner	Hugoson	Miller	Schoenfeld	
DeBlick	Jennings	Olson, E.	Seaberg	

Those who voted in the negative were:

Anderson, G.	Begich	Carruthers	Greenfield	Jaros
Battaglia	Bennett	Clark	Heap	Jefferson
Bauerly	Blatz	Clausnitzer	Himle	Jensen
Beard	Carlson, L.	Forsythe	Jacobs	Johnson, A.

Kahn	Minne	Ozment	Sarna	Tunheim
Kalis	Morrison	Pappas	Scheid	Valento
Kelly	Munger	Pelowski	Schreiber	Vanasek
Kelso	Murphy	Peterson	Segal	Voss
Knuth	Nelson, C.	Price	Shaver	Wagenius
Kostohryz	Nelson, D.	Quinn	Simoneau	Welle
Krueger	Nelson, K.	Reding	Skoglund	Wenzel
Larsen	Neuenschwander	Rest	Solberg	Wynia
Lasley	O'Connor	Rice	Sparby	Spk. Norton
Long	Olsen, S.	Riveness	Stanius	
McEachern	Orenstein	Rodosovich	Tjornhom	
McLaughlin	Osthoff	Rose	Tompkins	
Milbert	Otis	Rukavina	Trimble	

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

Gruenes; Carlson, D., and Johnson, V., moved to amend S. F. No. 1516, as amended, as follows:

Page 57, after line 17, insert:

“Sec. 79. [PROHIBITING HIGHWAY CONSTRUCTION MORATORIUM.]

Notwithstanding any executive directive to the contrary, the department of transportation must continue a program of highway construction, repair, and maintenance using available revenue and must not impose a moratorium on highway construction, repair, or maintenance.”

Renumber the sections in sequence

Correct internal cross references

A roll call was requested and properly seconded.

The question was taken on the Gruenes et al amendment and the roll was called.

Vanasek 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.	Bishop	Clark	Forsythe	Himle
Anderson, R.	Blatz	Clausnitzer	Frederick	Hugoson
Battaglia	Boo	Cooper	Frerichs	Jacobs
Bauerly	Brown	Dauner	Greenfield	Jefferson
Beard	Burger	DeBlieck	Gruenes	Jennings
Begich	Carlson, D.	Dempsey	Gutknecht	Jensen
Bennett	Carlson, L.	Dille	Haukoos	Johnson, A.
Bertram	Carruthers	Dorn	Heap	Johnson, R.

Johnson, V.	McPherson	Osthoff	Rose	Tompkins
Kahn	Milbert	Otis	Rukavina	Trimble
Kalis	Miller	Ozment	Schafer	Tunheim
Kelly	Minne	Pappas	Scheid	Uphus
Kelso	Morrison	Pauly	Schoenfeld	Valento
Kinkel	Munger	Pelowski	Schreiber	Vanasek
Kludt	Murphy	Peterson	Seaberg	Voss
Knuth	Nelson, C.	Poppenhagen	Segal	Wagenius
Kostohryz	Nelson, D.	Price	Shaver	Waltman
Krueger	Nelson, K.	Quinn	Simoneau	Welle
Larsen	Neuenschwander	Quist	Skoglund	Wenzel
Lasley	O'Connor	Redalen	Solberg	Winter
Lieder	Olsen, S.	Reding	Sparby	Wynia
Long	Olson, E.	Rest	Stanius	Spk. Norton
Marsh	Olson, K.	Rice	Steensma	
McDonald	Omann	Richter	Sviggum	
McKasy	Onnen	Riveness	Swenson	
McLaughlin	Orenstein	Rodosovich	Tjornhom	

The motion prevailed and the amendment was adopted.

McDonald offered an amendment to S. F. No. 1516, as amended.

#### POINT OF ORDER

Carlson, L., raised a point of order pursuant to rule 3.9 that the amendment was not in order. Speaker pro tempore Long ruled the point of order well taken and the amendment out of order.

Seaberg and Uphus moved to amend S. F. No. 1516, as amended, as follows:

Page 57, after line 17, insert:

“Sec. 79. [UNEXPENDED GENERAL FUND BALANCE.]

Notwithstanding any other law to the contrary, the commissioner of finance shall on June 30, 1987, transfer 25 percent of the unexpended balance in the general fund which is in excess of \$217,000,000, in the following manner:

(1) 75 percent must be transferred to the highway user tax distribution fund. The amount by which this transfer increases the balance in the trunk highway fund is hereby appropriated from the trunk highway fund to the commissioner of transportation for trunk highway development in the biennium ending June 30, 1989.

(2) 25 percent must be transferred to the transit assistance fund. Of the amount so transferred 80 percent is hereby appropriated to the regional transit board. The board must spend this money in the biennium ending June 30, 1989, 63.5 percent for regular route service, 32.5 percent for metro mobility and 4 percent for small urban rural and replacement services. The remainder of the amount



transferred to the transit assistance fund is appropriated to the commissioner of transportation for non-metropolitan transit assistance in the biennium ending June 30, 1989.

The total amount transferred from the general fund under this section may not exceed a sum equal to 25 percent of the revenues received from the motor vehicle excise tax imposed by Minnesota Statutes, section 297B.02, in the biennium ending June 30, 1987."

Renumber the remaining sections

A roll call was requested and properly seconded.

The question was taken on the Seaberg and Uphus amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Johnson, V.	Omann	Shaver
Bennett	Dorn	Kelso	Onnen	Stanius
Bishop	Forsythe	Kludt	Ozment	Steensma
Blatz	Frederick	Marsh	Pauly	Sviggum
Boo	Frerichs	McDonald	Poppenhagen	Swenson
Burger	Gruenes	McKasy	Quist	Thiede
Carlson, D.	Gutknecht	McPherson	Redalen	Tjornhom
Clausnitzer	Haukoos	Milbert	Richter	Tompkins
Cooper	Heap	Miller	Rose	Uphus
Dauner	Himle	Morrison	Schafer	Valento
DeBlicke	Hugoson	Nelson, C.	Schreiber	Waltman
Dempsey	Jensen	Olsen, S.	Seaberg	Winter

Those who voted in the negative were:

Anderson, G.	Jennings	McEachern	Pappas	Segal
Battaglia	Johnson, A.	McLaughlin	Pelowski	Simoneau
Bauerly	Johnson, R.	Minne	Peterson	Skoglund
Beard	Kahn	Munger	Price	Solberg
Begich	Kalis	Murphy	Quinn	Sparby
Bertram	Kelly	Nelson, D.	Reding	Trimble
Brown	Kinkel	Nelson, K.	Rest	Tunheim
Carlson, L.	Knuth	Neuenschwander	Rice	Vanasek
Carruthers	Kostohryz	O'Connor	Riveness	Voss
Clark	Krueger	Olson, E.	Rodosovich	Wagenius
Greenfield	Larsen	Olson, K.	Rukavina	Welle
Jacobs	Lasley	Orenstein	Sarna	Wenzel
Jaros	Lieder	Osthoff	Scheid	Wynia
Jefferson	Long	Otis	Schoenfeld	Spk. Norton

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

S. F. No. 1516, A bill for an act relating to the organization and operation of state government; appropriating money for the depart-

ment of transportation and other agencies with certain conditions; fixing and limiting fees; amending Minnesota Statutes 1986, sections 12.14; 17A.04, subdivision 5; 18.51, subdivision 2; 18.52, subdivision 5; 18.53; 27.041, subdivision 2; 28A.08; 32.075; 32.59; 60A.14, subdivision 1; 60A.206, subdivision 2; 60A.23, subdivision 7; 70A.14, subdivision 4; 83.23, subdivisions 2 and 3; 83.30, subdivision 2; 138.65; 138.91, by adding a subdivision; 309.531, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 332.33, subdivisions 3 and 4; amending Laws 1975, chapter 235, section 2, 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.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 87 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings	McKasy	Pappas	Skoglund
Battaglia	Jensen	McLaughlin	Pelowski	Solberg
Bauerly	Johnson, A.	Milbert	Peterson	Sparby
Beard	Johnson, R.	Minne	Price	Steensma
Begich	Kahn	Morrison	Quinn	Swenson
Bertram	Kalis	Munger	Redalen	Trimble
Brown	Kelly	Murphy	Reding	Tunheim
Carlson, L.	Kelso	Nelson, C.	Rest	Vanasek
Carruthers	Kinkel	Nelson, D.	Rice	Voss
Clark	Kludt	Nelson, K.	Riveness	Wagenius
Cooper	Knuth	Neuenschwander	Rodosovich	Welle
Dauner	Kostohryz	O'Connor	Rukavina	Wenzel
DeBlicke	Krueger	Olsen, S.	Sarna	Winter
Dille	Larsen	Olsen, E.	Scheid	Wynia
Dorn	Lasley	Olsen, K.	Schoenfeld	Spk. Norton
Greenfield	Lieder	Orenstein	Seaberg	
Jacobs	Long	Osthoff	Segal	
Jefferson	McEachern	Otis	Simoneau	

Those who voted in the negative were:

Anderson, R.	Forsythe	Johnson, V.	Poppenhagen	Thiede
Bennett	Frederick	Marsh	Quist	Tjornhom
Bishop	Frerichs	McDonald	Richter	Tompkins
Blatz	Gruenes	McPherson	Rose	Uphus
Boo	Gutknecht	Miller	Schafer	Valento
Burger	Haukoos	Omann	Schreiber	Waltman
Carlson, D.	Heap	Onnen	Shaver	
Clausnitzer	Himle	Ozment	Stanius	
Dempsey	Hugoson	Pauly	Sviggum	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

Nelson, K., was excused for the remainder of today's session.

### CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. No. 243.

H. F. No. 243 was reported to the House.

Quist, Forsythe, Sviggum, Onnen, Thiede and Gutknecht moved to amend H. F. No. 243, the first engrossment, as follows:

Page 19, after line 17, insert:

"The commissioner shall develop a plan to redetermine priorities within the department so that a minimum of twenty percent of the total general fund budget for the biennium beginning July 1, 1989, is targeted to AIDS research and prevention programs. The plan must be submitted to the legislature by January 1, 1989."

A roll call was requested and properly seconded.

Wynia moved to amend the Quist et al amendment to H. F. No. 243, the first engrossment, as follows:

In the Quist et al amendment, line 3, after "department" delete "so that a minimum of twenty percent of the total general fund budget for the biennium beginning July 1, 1989, is"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 79 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Brown	Cooper	Dorn
Anderson, R.	Begich	Carlson, L.	Dauner	Greenfield
Battaglia	Bertram	Carruthers	DeBlicke	Jaros
Bauerly	Bishop	Clark	Dille	Jefferson

Jennings	Krueger	Nelson, C.	Price	Sparby
Jensen	Larsen	Nelson, D.	Reding	Steensma
Johnson, A.	Lasley	Neuenschwander	Rest	Trimble
Johnson, R.	Lieder	O'Connor	Riveness	Tunheim
Kahn	Long	Olsen, S.	Rodosovich	Vanasek
Kalis	McEachern	Olson, E.	Rukavina	Wagenius
Kelly	McLaughlin	Olson, K.	Sarna	Welle
Kelso	Milbert	Orenstein	Scheid	Wenzel
Kinkel	Minne	Otis	Schoenfeld	Winter
Kludt	Morrison	Pappas	Simoneau	Wynia
Knuth	Munger	Pelowski	Skoglund	Spk. Norton
Kostohryz	Murphy	Peterson	Solberg	

Those who voted in the negative were:

Bennett	Gruenes	McPherson	Redalen	Thiede
Blatz	Gutknecht	Miller	Richter	Tjornhom
Boo	Haukoos	Omann	Rose	Tompkins
Burger	Heap	Onnen	Schafer	Uphus
Carlson, D.	Himle	Osthoff	Schreiber	Valento
Clausnitzer	Hugoson	Ozment	Seaberg	Waltman
Dempsey	Johnson, V.	Pauly	Shaver	
Forsythe	Marsh	Poppenhagen	Stanisus	
Frederick	McDonald	Quinn	Sviggum	
Frerichs	McKasy	Quist	Swenson	

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Quist et al amendment, as amended, and the roll was called.

Vanasek 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.	Dille	Kelly	Murphy	Redalen
Anderson, R.	Dorn	Kelso	Nelson, C.	Reding
Battaglia	Forsythe	Kinkel	Nelson, D.	Rest
Bauerly	Frederick	Kludt	Neuenschwander	Rice
Beard	Frerichs	Knuth	O'Connor	Richter
Begich	Greenfield	Kostohryz	Olsen, S.	Riveness
Bennett	Gruenes	Krueger	Olson, E.	Rodosovich
Bertram	Gutknecht	Larsen	Olson, K.	Rose
Bishop	Haukoos	Lasley	Omann	Rukavina
Blatz	Heap	Lieder	Onnen	Sarna
Boo	Himle	Long	Orenstein	Schafer
Brown	Hugoson	Marsh	Osthoff	Scheid
Burger	Jacobs	McDonald	Otis	Schoenfeld
Carlson, D.	Jaros	McEachern	Ozment	Schreiber
Carlson, L.	Jefferson	McKasy	Pappas	Seaberg
Carruthers	Jennings	McLaughlin	Pauly	Segal
Clark	Jensen	McPherson	Pelowski	Shaver
Clausnitzer	Johnson, A.	Milbert	Peterson	Simoneau
Cooper	Johnson, R.	Miller	Poppenhagen	Skoglund
Dauner	Johnson, V.	Minne	Price	Solberg
DeBlicek	Kahn	Morrison	Quinn	Sparby
Dempsey	Kalis	Munger	Quist	Stanisus

Steensma	Tjornhom	Uphus	Wagenius	Winter
Sviggum	Tompkins	Valento	Waltman	Wynia
Swenson	Trimble	Vanasek	Welle	Spk. Norton
Thiede	Tunheim	Voss	Wenzel	

The motion prevailed and the amendment, as amended, was adopted.

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

Quist, Morrison, Bishop, Sviggum and Gutknecht moved to amend H. F. No. 243, the first engrossment, as amended, as follows:

Page 156, after line 13, insert:

"Sec. 136. Minnesota Statutes 1986, section 517.08, subdivision 1a, is amended to read:

Subd. 1a. Application for a marriage license shall be made upon a form provided for the purpose and shall contain the following information:

the full names of the parties,

their post office addresses and county and state of residence,

their full ages,

if either party has previously been married, the party's married name, and the date, place and court in which the marriage was dissolved or annulled or the date and place of death of the former spouse,

if either party is a minor, the name and address of the minor's parents or guardian,

whether the parties are related to each other, and, if so, their relationship,

the name and date of birth of any child of which both parties are parents, born before the making of the application, unless their parental rights and the parent and child relationship with respect to the child have been terminated,

address of the bride and groom after the marriage to which the court administrator shall send a certified copy of the marriage certificate,

and the full names the parties will have after marriage,

and a signed statement from a physician or other qualified health care professional that the parties have undergone blood tests for human immunodeficiency virus (HIV) antibody. The statement must indicate that both parties are aware of the results of the test. The information is otherwise private data as defined in the Minnesota government data practices act."

Renumber the sections in sequence

Correct internal cross references

Amend the title as follows:

Page 2, line 4, after "10;" insert "517.08, subdivision 1a;"

A roll call was requested and properly seconded.

#### POINT OF ORDER

Greenfield raised a point of order pursuant to rule 3.10 that the second Quist et al amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

Price moved to amend the second Quist et al amendment to H. F. No. 243, the first engrossment, as amended, as follows:

In the second Quist et al amendment, page 1, line 36, delete "or other qualified"

Page 2, line 1, delete "health care professional"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 87 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dille	Jensen	Kludt
Anderson, R.	Burger	Dorn	Johnson, A.	Knuth
Battaglia	Carlson, L.	Forsythe	Johnson, R.	Kostohryz
Bauerly	Carruthers	Greenfield	Kahn	Krueger
Beard	Clark	Jacobs	Kalis	Larsen
Begich	Cooper	Jaros	Kelly	Lasley
Bertram	Dauner	Jefferson	Kelso	Lieder
Bishop	DeBlieck	Jennings	Kinkel	Long

McEachern	O'Connor	Price	Schoenfeld	Voss
McLaughlin	Olsen, S.	Quinn	Segal	Wagenius
Milbert	Olson, E.	Reding	Simoneau	Welle
Minne	Olson, K.	Rest	Skoglund	Wenzel
Morrison	Orenstein	Rice	Sparby	Winter
Munger	Osthoff	Riveness	Steensma	Wynia
Murphy	Otis	Rodosovich	Tompkins	Spk. Norton
Nelson, C.	Pappas	Rukavina	Trimble	
Nelson, D.	Pelowski	Sarna	Tunheim	
Neuenschwander	Peterson	Scheid	Vanasek	

Those who voted in the negative were:

Bennett	Gutknecht	McPherson	Richter	Thiede
Blatz	Haukoos	Miller	Rose	Tjornhom
Boo	Heap	Omann	Schafer	Uphus
Carlson, D.	Himle	Onnen	Schreiber	Valento
Clausnitzer	Hugoson	Ozment	Seaberg	Waltman
Dempsey	Johnson, V.	Pauly	Shaver	
Frederick	Marsh	Poppenhagen	Stanius	
Frerichs	McDonald	Quist	Sviggum	
Gruenes	McKasy	Redalen	Swenson	

The motion prevailed and the amendment to the amendment was adopted.

#### POINT OF ORDER

Greenfield raised a point of order pursuant to rule 3.10 that the second Quist et al amendment, as amended, was not in order. The Speaker ruled the point of order not well taken and the amendment, as amended, in order.

The question recurred on the second Quist et al amendment, as amended, and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 85 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dauner	Kalis	Nelson, D.	Redalen
Anderson, R.	DeBlieck	Kelso	Neuenschwander	Reding
Bauerly	Dempsey	Kinkel	O'Connor	Rest
Beard	Dille	Kludt	Olsen, S.	Richter
Bennett	Dorn	Knuth	Omann	Rose
Bertram	Frederick	Kostohryz	Onnen	Sarna
Bishop	Frerichs	Krueger	Osthoff	Schafer
Blatz	Gutknecht	Marsh	Ozment	Scheid
Boo	Haukoos	McDonald	Pauly	Schoenfeld
Brown	Heap	McEachern	Pelowski	Schreiber
Burger	Himle	McKasy	Peterson	Seaberg
Carlson, D.	Hugoson	McPherson	Poppenhagen	Shaver
Carlson, L.	Jacobs	Miller	Price	Stanius
Clausnitzer	Jensen	Morrison	Quinn	Steensma
Cooper	Johnson, V.	Nelson, C.	Quist	Sviggum

Swenson Thiede	Tjornhom Tompkins	Uphus Valento	Wagenius Waltman	Wenzel Winter
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Those who voted in the negative were:

Battaglia	Jefferson	Lieder	Otis	Sparby
Begich	Jennings	McLaughlin	Pappas	Trimble
Carruthers	Johnson, A.	Minne	Riveness	Tunheim
Clark	Johnson, R.	Munger	Rodosovich	Vanasek
Forsythe	Kahn	Murphy	Rukavina	Voss
Greenfield	Kelly	Olson, E.	Segal	Welle
Gruenes	Larsen	Olson, K.	Simoneau	Wynia
Jaros	Lasley	Orenstein	Skoglund	Spk. Norton

The motion prevailed and the amendment, as amended, was adopted.

Quist, Onnen, Thiede and Gutknecht offered an amendment to H. F. No. 243, the first engrossment, as amended.

#### POINT OF ORDER

Greenfield raised a point of order pursuant to rule 3.9 that the Quist et al amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

McPherson moved to amend H. F. No. 243, the first engrossment, as amended, as follows:

Page 5, after line 29, insert:

“Of this amount \$95,000 in fiscal year 1988 and \$105,000 in fiscal year 1989 is for continued funding for People House”

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

Gruenes moved to amend H. F. No. 243, the first engrossment, as amended, as follows:

Page 71, line 19, delete everything after the period

Page 71, delete lines 20 to 23

A roll call was requested and properly seconded.

The question was taken on the Gruenes amendment and the roll was called.



Vanasek 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, R.	Dempsey	Kinkel	Omann	Sviggum
Bauerly	Dille	Kludt	Onnen	Swenson
Bertram	Dorn	Krueger	Pauly	Thiede
Bishop	Frederick	Lieder	Poppenhagen	Tunheim
Boo	Frerichs	Marsh	Quist	Uphus
Brown	Gruenes	McDonald	Redalen	Waltman
Burger	Gutknecht	McEachern	Richter	Welle
Carlson, D.	Haukoos	McKasy	Schafer	Wenzel
Clausnitzer	Hugoson	Morrison	Schoenfeld	Winter
Cooper	Johnson, R.	Nelson, C.	Seaberg	
Dauner	Johnson, V.	Neuenschwander	Shaver	
DeBlicck	Kalis	Olson, K.	Sparby	

Those who voted in the negative were:

Battaglia	Jefferson	Milbert	Reding	Steensma
Beard	Jennings	Minne	Rest	Tjornhom
Begich	Jensen	Munger	Rice	Tompkins
Bennett	Johnson, A.	Murphy	Riveness	Trimble
Blatz	Kahn	O'Connor	Rodosovich	Valento
Carlson, L.	Kelly	Olsen, S.	Rose	Vanasek
Carruthers	Kelso	Olson, E.	Rukavina	Voss
Clark	Knuth	Orenstein	Sarna	Wagenius
Forsythe	Kostohryz	Osthoff	Scheid	Wynia
Greenfield	Larsen	Otis	Schreiber	Spk. Norton
Heap	Lasley	Ozment	Segal	
Himle	Long	Peterson	Simoneau	
Jacobs	McLaughlin	Price	Skoglund	
Jaros	McPherson	Quinn	Stanius	

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

Schreiber and Stanius moved to amend H. F. No. 243, the first engrossment, as amended, as follows:

Page 7, line 31, delete "147,156,400" and insert "161,552,900" and delete "147,443,900" and insert "161,840,400"

Page 8, line 36, delete "413,873,500" and insert "399,477,000" and delete "447,225,500" and insert "432,829,000"

Page 54, after line 11, insert:

"Sec. 34. Minnesota Statutes 1986, section 256.82, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY PAYMENTS.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month,

upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to ~~70~~ 90 percent of the difference between the total estimated cost and the federal funds so available for payments made after ~~December 31, 1979~~ and before January 1, 1981, and ~~85~~ percent of the difference for payments made after ~~December 31, 1980~~ June 30, 1987. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month."

Page 117, after line 21, insert:

"Sec. 84. Minnesota Statutes 1986, section 256D.03, subdivision 2, is amended to read:

Subd. 2. After ~~December 31, 1980~~ June 30, 1987, state aid shall be paid to local agencies for ~~75~~ 90 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1a, and according to procedures established by the commissioner.

After December 31, 1986, state aid must be paid to local agencies for 65 percent of work readiness assistance paid under section 256D.051 if the county does not have an approved and operating community investment program.

Any local agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1; or, (b) to persons not meeting the eligibility standards set forth in section 256D.05, subdivision 1, but for whom the aid would further the purposes established in the general assistance program in accordance with rules promulgated by the commissioner pursuant to the administrative procedure act."

Page 132, after line 29, insert:

"Sec. 100. Minnesota Statutes 1986, section 256D.36, subdivision 1, is amended to read:

Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, 1980, until January 1, 1981, the state shall pay 70 percent and the county shall pay 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, the state shall pay 85 percent and the county shall pay 15 percent of the aid. After June 30, 1987, the state shall pay 90 percent and the

county shall pay 10 percent of the aid. The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in title II, section 212 (a) (3) of Public Law Number 93-66, as amended."

Renumber the sections in order

Correct the internal references

Amend the title as follows:

Page 1, line 17, after "2," insert "256.82, subdivision 1;"

Page 1, line 29, after the second "subdivisions" insert "2"

Page 1, line 34, after "256D.22;" insert "256D.36, subdivision 1;"

A roll call was requested and properly seconded.

The question was taken on the Schreiber and Stanius amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 53 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Bennett	Frerichs	McDonald	Poppenhagen	Stanius
Bishop	Gruenes	McKasy	Quinn	Sviggum
Blatz	Gutknecht	McPherson	Quist	Swenson
Boo	Haukoos	Miller	Redalen	Thiede
Burger	Heap	Morrison	Richter	Tjornhom
Carlson, D.	Himle	Olsen, S.	Rose	Tompkins
Clausnitzer	Hugoson	Omann	Schafer	Uphus
Dempsey	Johnson, R.	Onnen	Scheid	Valento
Dille	Johnson, V.	Osthoff	Schreiber	Waltman
Forsythe	Kinkel	Ozment	Seaberg	
Frederick	Marsh	Pauly	Shaver	

Those who voted in the negative were:

Anderson, G.	DeBlick	Kludt	Murphy	Rice
Anderson, R.	Dorn	Knuth	Nelson, C.	Riveness
Battaglia	Greenfield	Kostohryz	Neuenschwander	Rodosovich
Bauerly	Jacobs	Krueger	O'Connor	Rukavina
Beard	Jaros	Larsen	Olson, E.	Sarna
Begich	Jefferson	Lasley	Olson, K.	Schoenfeld
Bertram	Jennings	Lieder	Orenstein	Segal
Brown	Jensen	Long	Otis	Simoneau
Carlson, L.	Johnson, A.	McEachern	Pelowski	Skoglund
Carruthers	Kahn	McLaughlin	Peterson	Sparby
Clark	Kalis	Milbert	Price	Steensma
Cooper	Kelly	Minne	Reding	Trimble
Dauner	Kelso	Munger	Rest	Tunheim

Vanasek  
Voss

Wagenius  
Welle

Wenzel  
Winter

Wynia  
Spk. Norton

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

Stanius and Sviggum moved to amend H.F. No. 243, the first engrossment, as amended, as follows:

Page 2, line 34, delete "1,088,344,600" and insert "1,088,653,400"; delete "1,135,864,800" and insert "1,135,556,000"

Page 3, line 2, delete "1,096,061,200" and insert "1,096,370,000"; delete "1,143,598,700" and insert "1,143,289,900"

Page 3, line 10, delete "928,601,400" and insert "926,665,200"; delete "978,242,800" and insert "975,689,000"

Page 6, line 39, delete "609,967,200" and insert "608,031,000"; delete "647,031,600" and insert "644,459,800"

Page 7, line 31, delete "147,156,400" and insert "145,220,200"; delete "147,443,900" and insert "144,890,100"

Page 12, line 46, delete "30,102,200" and insert "30,852,200"; delete "27,830,800" and insert "28,580,800"

Page 14, line 16, delete "20,583,500" and insert "21,333,500"; delete "20,497,100" and insert "21,247,100"

Page 16, line 38, delete "98,104,400" and insert "98,699,400"; delete "98,069,200" and insert "98,664,200"

Page 17, line 3, delete "23,213,900" and insert "23,808,900"; delete "24,901,900" and insert "25,496,900"

Page 17, after line 42, insert:

"Of this appropriation, \$647,000 the first year and \$500,000 the second year are for battered women grants.

Of this appropriation, \$75,000 the first year and \$75,000 the second year are for sexual assault grants.

Of this appropriation, \$20,000 the first year and \$20,000 the second

year are for crime victim centers grants.”

Page 18, line 23, delete “30,853,500” and insert “31,753,500”; delete “31,189,400” and insert “32,089,400”

Page 19, line 31, delete “20,399,600” and insert “21,299,600”; delete “20,392,900” and insert “21,292,900”

Page 19, line 37, delete “\$100,000” and insert “\$900,000”

Page 160, delete lines 4 and 5

Page 160, line 9, delete “Section 144.”

Page 160, delete line 10

Renumber sections

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Stanius and Sviggum amendment and the roll was called.

Vanasek 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, R.	Forsythe	McDonald	Poppenhagen	Sviggum
Bennett	Frederick	McKasy	Quist	Swenson
Bishop	Frerichs	McPherson	Redalen	Thiede
Blatz	Gruenes	Miller	Richter	Tjornhom
Boo	Gutknecht	Morrison	Rose	Tompkins
Burger	Haukoos	Olsen, S.	Schafer	Uphus
Carlson, D.	Heap	Omann	Schoenfeld	Valento
Clausnitzer	Himle	Onnen	Schreiber	Waltman
Cooper	Hugoson	Osthoff	Seaberg	
Dempsey	Johnson, V.	Ozment	Shaver	
Dille	Marsh	Pauly	Stanius	

Those who voted in the negative were:

Anderson, G.	Carruthers	Jaros	Kalis	Krueger
Battaglia	Clark	Jefferson	Kelly	Larsen
Bauerly	Dauner	Jennings	Kelso	Lasley
Beard	DeBlicke	Jensen	Kinkel	Lieder
Begich	Dorn	Johnson, A.	Kludt	Long
Bertram	Greenfield	Johnson, R.	Knuth	McLaughlin
Carlson, L.	Jacobs	Kahn	Kostohryz	Minne

Munger	Otis	Rice	Sparby	Wenzel
Murphy	Pappas	Riveness	Steensma	Winter
Nelson, C.	Pelowski	Rodosovich	Trimble	Wynia
Neuenschwander	Peterson	Rukavina	Tunheim	Spk. Norton
O'Connor	Price	Scheid	Vanasek	
Olson, E.	Quinn	Segal	Voss	
Olson, K.	Reding	Simoneau	Wagenius	
Orenstein	Rest	Skoglund	Welle	

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

H. F. No. 243, A bill for an act relating to the organization and operation of state government; appropriating money for human services, corrections, health, economic security, and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 15A.081, subdivision 1; 86.33, subdivisions 2 and 3; 136C.06; 144.55, subdivision 6; 144.68; 144.69; 144A.05; 144A.071, subdivision 3; 144A.27; 144A.33, subdivision 3; 171.29, subdivision 2; 245.713, subdivision 2; 246.50, subdivisions 3, 4a, 5, 7, and by adding a subdivision; 246.51; 246.511; 251.011, subdivision 6; 252.275, subdivisions 1, 2, 4, and 7; 256.01, subdivisions 2 and 4; 256.045, subdivision 3; 256.73, by adding a subdivision; 256.736, subdivisions 3, 4, 6, and by adding subdivisions; 256.74, subdivision 1; 256.969, subdivision 2; 256.98; 256B.02, subdivision 8, and by adding a subdivision; 256B.03, subdivision 1; 256B.04, subdivisions 14 and 15; 256B.06, subdivision 1, and by adding a subdivision; 256B.064, subdivision 1a; 256B.15; 256B.17, subdivisions 4 and 5; 256B.19; subdivision 1; 256B.35, subdivisions 1 and 2; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 2e, 3a, 4, and by adding subdivisions; 256B.433; 256B.47, subdivision 1, and by adding subdivisions; 256B.48, subdivisions 1 and 6; 256B.50, subdivision 2; 256B.69, subdivisions 6, 11, and by adding subdivisions; 256C.26; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8; 256D.03, subdivisions 3, 4, and by adding a subdivision; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.06, subdivisions 1, 1b, 2, 3, and 6; 256D.08, subdivision 1; 256D.101; 256D.15; 256D.22; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.06, by adding a subdivision; 256E.07, by adding a subdivision; 256E.12, subdivision 3; 257.35; 257.351, subdivision 15, and by adding subdivisions; 257.354, subdivision 4, and by adding a subdivision; 268.0111, subdivision 8; 268.0122, subdivisions 2 and 3; 268.36; 268.37, subdivision 3; 268.673, subdivision 5, and by adding a subdivision; 268.6751; 268.676; 268.677, subdivision 1; 268.678, subdivisions 1 and 4; 268.681, subdivision 2, and by adding a subdivision; 268.85, subdivision 2; 268.86, subdivisions 1, 2, and 4; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.88; 268.89, subdivision 2; 268.91, subdivisions 1, 2, 3, 4, 5, 6, 7, and by adding subdivisions; 268.911, subdivision 1; 393.07, subdivision 10; 524.3-1201; proposing coding for new law in Minnesota Statutes, chapters 62D; 144; 144A; 245; 246; 256; 256B; 256D; 256E; 257; and 268; repealing Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdi-

vision 5; 245.69, subdivision 1a; 245.713, subdivisions 1 and 3; 245.73; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 4, 5, 11, and 12; 256E.12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 91 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Orenstein	Seaberg
Anderson, R.	Jacobs	Lasley	Otis	Segal
Battaglia	Jaros	Lieder	Ozment	Simoneau
Bauerly	Jefferson	Long	Pappas	Skoglund
Beard	Jennings	McEachern	Pelowski	Sparby
Begich	Jensen	McKasy	Peterson	Stanius
Bertram	Johnson, A.	McLaughlin	Price	Swenson
Bishop	Johnson, R.	Milbert	Quinn	Tompkins
Blatz	Johnson, V.	Minne	Quist	Trimble
Brown	Kahn	Morrison	Reding	Tunheim
Carlson, L.	Kalis	Munger	Rest	Valento
Carruthers	Kelly	Murphy	Rice	Vanasek
Clark	Kelso	Nelson, C.	Riveness	Voss
Cooper	Kinkel	Nelson, D.	Rodosovich	Wagenius
Dauner	Kludt	Neuenschwander	Rukavina	Welle
DeBlicek	Knuth	O'Connor	Sarna	Wenzel
Dorn	Kostohryz	Olson, E.	Scheid	Winter
Frederick	Krueger	Olson, K.	Schoenfeld	Wynia
				Spk. Norton

Those who voted in the negative were:

Bennett	Frerichs	McDonald	Poppenhagen	Sviggum
Eoo	Gruenes	McPherson	Redalen	Thiede
Burger	Gutknecht	Miller	Richter	Tjornhom
Carlson, D.	Haukoos	Olsen, S.	Rose	Uphus
Clausnitzer	Heap	Omann	Schafer	Waltman
Dempsey	Himle	Onnen	Schreiber	
Dille	Hugoson	Osthoff	Shaver	
Forsythe	Marsh	Pauly	Steensma	

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 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. 753, A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; changing the capital expenditure formula; changing the secondary vocational funding formula; increasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3, 5, and by adding subdivisions; 121.87, subdivision 1, and by adding a subdivision; 121.88, subdivision 2, and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1, and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1, 4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivi-



sions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124.275; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.17; 129B.20; 129B.21; 129B.35; 129B.37; and 275.125, subdivision 5d.

PATRICK E. FLAHAVEN, Secretary of the Senate

McEachern moved that the House refuse to concur in the Senate amendments to H. F. No. 753, 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.

### CONSENT CALENDAR

Vanasek moved that the bill on the Consent Calendar for today be continued one day. The motion prevailed.

### SPECIAL ORDERS

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

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Long moved that H. F. No. 297, now on General Orders, be re-referred to the Committee on Judiciary. The motion prevailed.

Minne moved that H. F. No. 208, now on General Orders, be re-referred to the Committee on Judiciary. The motion prevailed.

Anderson, G., moved that H. F. No. 837 be returned to its author. The motion prevailed.

Anderson, G., moved that H. F. No. 1635 be returned to its author. The motion prevailed.

#### ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 753:

Nelson, K.; McEachern; Vellenga; Bauerly and Ozment.

Thiede moved that the following statement be printed in the permanent Journal of the House:

"I was excused pursuant to the Rules of the House on Friday, May 1, 1987, when the final vote was taken on S. F. No. 1515. Had I been present, I would have voted Yea." The motion prevailed.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 10:00 a.m., Monday, May 4, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Monday, May 4, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives



## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTY-THIRD DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 4, 1987

The House of Representatives convened at 10:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Roger Kinsey, Southeast Christian Church, Minneapolis, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Gruenes	Marsh	Ozment	Simoneau
Anderson, R.	Gutknecht	McDonald	Pappas	Skoglund
Battaglia	Hartle	McEachern	Pauly	Solberg
Bauerly	Haukoos	McKasy	Pelowski	Sparby
Beard	Heap	McLaughlin	Peterson	Stanius
Begich	Hugoson	McPherson	Poppenhagen	Steensma
Bennett	Jacobs	Milbert	Price	Sviggum
Bertram	Jefferson	Miller	Quinn	Swenson
Bishop	Jensen	Minne	Quist	Thiede
Blatz	Johnson, A.	Morrison	Redalen	Tjornhom
Boo	Johnson, R.	Munger	Reding	Tompkins
Brown	Johnson, V.	Murphy	Rest	Trimble
Burger	Kahn	Nelson, C.	Rice	Tunheim
Carlson, D.	Kalis	Nelson, D.	Richter	Uphus
Carlson, L.	Kelly	Nelson, K.	Riveness	Valento
Carruthers	Kelso	Neuenschwander	Rodosovich	Vanasek
Clark	Kinkel	O'Connor	Rose	Vellenga
Cooper	Kludt	Ogren	Rukavina	Voss
Dauner	Knickerbocker	Olsen, S.	Sarna	Wagenius
DeBlick	Knuth	Olson, E.	Schafer	Waltman
Dille	Kostohryz	Olson, K.	Scheid	Welle
Dorn	Krueger	Omann	Schoenfeld	Wenzel
Forsythe	Larsen	Onnen	Schreiber	Winter
Frederick	Lasley	Orenstein	Seaberg	Wynia
Frerichs	Lieder	Osthoff	Segal	Spk. Norton
Greenfield	Long	Otis	Shaver	

A quorum was present.

Clausnitzer was excused until 10:20 a.m. Dempsey was excused until 10:30 a.m. Himle was excused until 11:00 a.m. Jennings was excused until 11:45 a.m. Jaros was excused until 2:40 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Larsen 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. 753, 508, 867, 1078, 1156, 1172 and 1302 and S. F. Nos. 1516, 605, 833, 461, 948, 1053, 385, 79, 578, 897, 1072, 1183, 1237, 751, 1114, 1152, 183, 225, 353, 1 and 1515 have been placed in the members' files.

S. F. No. 605 and H. F. No. 1619, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bertram moved that S. F. No. 605 be substituted for H. F. No. 1619 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1114 and H. F. No. 1148, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Jacobs moved that the rules be so far suspended that S. F. No. 1114 be substituted for H. F. No. 1148 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1053 and H. F. No. 1265, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Olsen, S., moved that the rules be so far suspended that S. F. No. 1053 be substituted for H. F. No. 1265 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 79 and H. F. No. 1008, 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. 79 be substituted for H. F. No. 1008 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 353 and H. F. No. 373, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Nelson, D., moved that the rules be so far suspended that S. F. No. 353 be substituted for H. F. No. 373 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 751 and H. F. No. 884, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Scheid moved that S. F. No. 751 be substituted for H. F. No. 884 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 578 and H. F. No. 1392, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Carruthers moved that the rules be so far suspended that S. F. No. 578 be substituted for H. F. No. 1392 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 833 and H. F. No. 828, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Stanis moved that S. F. No. 833 be substituted for H. F. No. 828 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1152 and H. F. No. 1375, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Jacobs moved that the rules be so far suspended that S. F. No. 1152 be substituted for H. F. No. 1375 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 948 and H. F. No. 1069, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 948 be substituted for H. F. No. 1069 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 897 and H. F. No. 895, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Jacobs moved that the rules be so far suspended that S. F. No. 897 be substituted for H. F. No. 895 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 461 and H. F. No. 403, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kinkel moved that S. F. No. 461 be substituted for H. F. No. 403 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 183 and H. F. No. 268, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kinkel moved that S. F. No. 183 be substituted for H. F. No. 268 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 225 and H. F. No. 226, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Battaglia moved that the rules be so far suspended that S. F. No. 225 be substituted for H. F. No. 226 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1183 and H. F. No. 1562, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Schreiber moved that the rules be so far suspended that S. F. No. 1183 be substituted for H. F. No. 1562 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 385 and H. F. No. 1172, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Trimble moved that the rules be so far suspended that S. F. No. 385 be substituted for H. F. No. 1172 and that the House File be indefinitely postponed. The motion prevailed.

**REPORTS OF STANDING COMMITTEES**

Voss from the Committee on Taxes to which was referred:

S. F. No. 1296, A bill for an act relating to Gillette Children's Hospital; clarifying the hospital's exemption from certain tax provisions; amending Minnesota Statutes 1986, section 250.05, by adding subdivisions.

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

The report was adopted.

**SECOND READING OF SENATE BILLS**

S. F. Nos. 605, 1114, 1053, 79, 353, 751, 578, 833, 1152, 948, 897, 461, 183, 225, 1183, 385 and 1296 were read for the second time.



**INTRODUCTION AND FIRST READING  
OF HOUSE BILLS**

The following House Files were introduced:

Bauerly and McEachern introduced:

H. F. No. 1642, A bill for an act relating to education; authorizing the legislative commission on public education to contract for a project; requiring reports; appropriating money.

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

Marsh, Clausnitzer, Kelly, Orenstein and Solberg introduced:

H. F. No. 1643, A bill for an act relating to the sentencing guidelines commission; changing the membership of the commission; amending Minnesota Statutes 1986, section 244.09, subdivision 2.

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

**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. 26, A bill for an act relating to workers' compensation; providing for the organization and powers of the state compensation insurance fund; amending Minnesota Statutes 1986, sections 11A.24, subdivision 4; 176A.02, subdivisions 1 and 2; and 176A.04.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amendments to H. F. No. 26 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 26, A bill for an act relating to workers' compensation; providing for the organization and powers of the state compensation insurance fund; amending Minnesota Statutes 1986, sections 11A.24, subdivision 4; 176A.02, subdivisions 1 and 2; and 176A.04.

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.	Frerichs	Marsh	Ozment	Simoneau
Anderson, R.	Greenfield	McDonald	Pappas	Skoglund
Battaglia	Gruenes	McEachern	Pauly	Solberg
Bauerly	Gutknecht	McKasy	Pelowski	Sparby
Beard	Hartle	McLaughlin	Peterson	Stanius
Begich	Haukoos	McPherson	Price	Steensma
Bennett	Hugoson	Milbert	Quinn	Sviggum
Bertram	Jacobs	Miller	Quist	Swenson
Bishop	Jefferson	Morrison	Redalen	Thiede
Blatz	Jensen	Munger	Reding	Tompkins
Boo	Johnson, A.	Murphy	Rice	Trimble
Brown	Johnson, R.	Nelson, C.	Richter	Tunheim
Burger	Johnson, V.	Nelson, D.	Riveness	Uphus
Carlson, D.	Kalis	Nelson, K.	Rodosovich	Valento
Carlson, L.	Kelso	Neuenschwander	Rose	Vanasek
Carruthers	Kinkel	O'Connor	Rukavina	Veilenga
Clark	Kludt	Ogren	Sarna	Voss
Cooper	Knickerbocker	Olsen, S.	Schafer	Wagenius
Dauner	Knuth	Olson, E.	Scheid	Waltman
DeBlick	Kostohryz	Olson, K.	Schoenfeld	Welle
Dille	Larsen	Onnen	Schreiber	Wenzel
Dorn	Lasley	Orenstein	Seaberg	Winter
Forsythe	Lieder	Osthoff	Segal	Spk. Norton
Frederick	Long	Otis	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 House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1009, A bill for an act relating to transportation; providing for standards for special transportation service; requiring changes in the administration of special transportation service in

the metropolitan area; amending Minnesota Statutes 1986, sections 174.30, subdivisions 1, 2, 4, 6, 7, and by adding subdivisions; 473.386, subdivisions 1, 2, 3, 4, and 6; repealing Minnesota Statutes 1986, section 473.386, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Jefferson moved that the House concur in the Senate amendments to H. F. No. 1009 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1009, A bill for an act relating to transportation; providing for standards for special transportation service; requiring changes in the administration of special transportation service in the metropolitan area; amending Minnesota Statutes 1986, sections 174.30, subdivisions 1, 2, 4, 6, 7, and by adding subdivisions; 473.386, subdivisions 1, 2, 3, 4, and 6; repealing Minnesota Statutes 1986, section 473.386, 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. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick.	Long	Osthoff	Segal
Anderson, R.	Frerichs	Marsh	Otis	Shaver
Battaglia	Greenfield	McDonald	Ozment	Simoneau
Bauerly	Gruenes	McEachern	Pappas	Skoglund
Beard	Gutknecht	McKasy	Pauly	Solberg
Begich	Hartle	McLaughlin	Pelowski	Sparby
Bennett	Haukoos	McPherson	Peterson	Stanius
Bertram	Hugoson	Milbert	Poppenhagen	Steensma
Bishop	Jacobs	Miller	Price	Svigum
Blatz	Jefferson	Morrison	Quinn	Swenson
Boo	Jensen	Munger	Quist	Thiede
Brown	Johnson, A.	Murphy	Redalen	Tjornhom
Burger	Johnson, R.	Nelson, C.	Reding	Tompkins
Carlson, D.	Johnson, V.	Nelson, D.	Richter	Trimble
Carlson, L.	Kalis	Nelson, K.	Riveness	Tunheim
Carruthers	Kelso	Neuenschwander	Rodosovich	Uphus
Clark	Kinkel	O'Connor	Rose	Valento
Clausnitzer	Kludt	Ogren	Rukavina	Vanasek
Cooper	Knickerbocker	Olsen, S.	Sarna	Vellenga
Dauner	Knuth	Olson, E.	Schafer	Voss
DeBlicke	Kostohryz	Olson, K.	Scheid	Wagenius
Dille	Larsen	Omann	Schoenfeld	Waltman
Dorn	Lasley	Onnen	Schreiber	Welle
Forsythe	Lieder	Orenstein	Seaberg	Wenzel
				Winter
				Spk. Norton

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. 200, A bill for an act relating to abuse and neglect reporting; providing a standard for the disclosure of a reporter's name under the child abuse reporting act and the vulnerable adults reporting act; amending Minnesota Statutes 1986, sections 626.556, subdivision 11; and 626.557, subdivision 12.

PATRICK E. FLAHAVEN, Secretary of the Senate

Vellenga moved that the House refuse to concur in the Senate amendments to H. F. No. 200, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 317, 170, 823 and 1078.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 317, A bill for an act relating to retirement; police and salaried firefighters relief associations; authorizing the voluntary consolidation of local relief associations with the public employees police and fire fund; authorizing the individual election of applicable benefit coverage upon consolidation; amending Minnesota Statutes 1986, sections 353.01, subdivisions 2b, 10, and 16; 353.271; 353.64, subdivision 1; and 353.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 353 and 356; proposing coding for new law as Minnesota Statutes, chapters 353A and 353B.

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

S. F. No. 170, A bill for an act relating to economic development; recodifying provisions governing housing and redevelopment authorities, port authorities, economic development authorities, area redevelopment, municipal development districts, mined underground space development, rural development finance authorities, public development debt, enterprise zones, tax increment financing, and other local economic development tools; extending duration of bond allocation act; removing certain service persons' preference provisions from the housing and redevelopment authority law; modifying requirements for developers' tax abatements under the housing and redevelopment authority law; removing a sunset on certain St. Paul port authority provisions; allocating bonding authority subject to a volume cap under federal tax law; allocating bonding authority to the city of Minneapolis, located in Hennepin county, and to the city of Saint Paul, located in Ramsey county; amending Minnesota Statutes 1986, sections 16B.61, subdivision 3; 41A.05, subdivision 2; 41A.06, subdivision 5; 115A.69, subdivision 9; 116J.27, subdivision 4; 116M.03, subdivisions 11, 19, and 28; 116M.06, subdivision 3; 116M.07, subdivision 11; 124.214, subdivision 3; 216B.49, subdivision 7; 268.38, subdivision 3; 272.02, subdivision 5; 272.026; 272.68, subdivision 4; 273.13, subdivisions 9 and 24; 273.1393; 282.01, subdivision 1; 290.61; 298.2211, subdivisions 1 and 3; 353.01, subdivision 6; 355.11, subdivision 5; 355.16; 412.251; 462C.02, subdivisions 6 and 9; 462C.05, subdivision 7; 462C.06; 465.54; 465.74, subdivision 7; 465.77; 471A.03, subdivision 9; 473.195, subdivision 1; 473.201, subdivision 1; 473.504, subdivision 11; 473.556, subdivision 6; 473.638, subdivision 2; 473.811, subdivision 8; 473.852, subdivision 6; 473F02, subdivision 3; 473F05; 473F08, subdivisions 2, 4, and 6; 475.525, subdivision 3; 477A.011, subdivision 7; 504.24, subdivision 2; and 609.321, subdivision 12; repealing Minnesota Statutes 1986, sections 273.1312; 273.1313; 273.1314; 273.71; 273.72; 273.73; 273.74; 273.75; 273.76; 273.77; 273.78; 273.86; 362A.01; 362A.02; 362A.03; 362A.04; 362A.041; 362A.05; 362A.06; 373.31; 426.055; 458.09; 458.091; 458.10; 458.11; 458.12; 458.14; 458.15; 458.16; 458.17; 458.18; 458.19; 458.191; 458.192; 458.193; 458.194; 458.1941; 458.195; 458.196; 458.197; 458.198; 458.199; 458.1991; 458.70; 458.701; 458.702; 458.703; 458.711; 458.712; 458.713; 458.72; 458.74; 458.741; 458.75; 458.76; 458.77; 458.771; 458.772; 458.773; 458.774; 458.775; 458.776; 458.777; 458.778; 458.79; 458.80; 458.801; 458.81; 458C.01; 458C.03; 458C.04; 458C.05; 458C.06; 458C.07; 458C.08; 458C.09; 458C.10; 458C.11; 458C.12; 458C.13; 458C.14; 458C.15; 458C.16; 458C.17; 458C.18; 458C.19; 458C.20; 458C.22; 458C.23; 459.01; 459.02; 459.03; 459.04; 459.05; 459.31; 459.32; 459.33; 459.34; 462.411; 462.415; 462.421; 462.425; 462.426; 462.427; 462.428; 462.429; 462.4291; 462.432; 462.435; 462.441; 462.445; 462.451; 462.455; 462.461; 462.465; 462.466; 462.471; 462.475; 462.481; 462.485; 462.491; 462.495; 462.501; 462.505; 462.511; 462.515; 462.521; 462.525; 462.531; 462.535; 462.541; 462.545; 462.551; 462.555; 462.556; 462.561; 462.565; 462.571; 462.575; 462.581; 462.585; 462.591; 462.595; 462.601; 462.605; 462.611; 462.615; 462.621; 462.625; 462.631; 462.635; 462.641; 462.645; 462.651;

462.655; 462.661; 462.665; 462.671; 462.675; 462.681; 462.685; 462.691; 462.695; 462.701; 462.705; 462.712; 462.713; 462.714; 462.715; 462.716; 465.026; 465.53; 465.55; 465.56; 472.01; 472.02; 472.03; 472.04; 472.05; 472.06; 472.07; 472.08; 472.09; 472.10; 472.11; 472.12; 472.125; 472.13; 472.14; 472.15; 472.16; 472A.01; 472A.02; 472A.03; 472A.04; 472A.05; 472A.06; 472A.07; 472A.09; 472A.10; 472A.11; 472A.12; 472A.13; 472B.01; 472B.02; 472B.03; 472B.04; 472B.05; 472B.06; 472B.07; 472B.08; 474.01; 474.02; 474.03; 474.04; 474.05; 474.06; 474.07; 474.08; 474.09; 474.10; 474.11; 474.13; 474.15; amending Minnesota Statutes 1986, sections 462C.11, subdivisions 2 and 3; 474A.02, subdivisions 1, 2, 3, 6, 7, 8, 12, 14, 16, 18, 19, 21, 26, and by adding subdivisions; 474A.03, subdivision 1, and by adding a subdivision; 474A.04, subdivisions 5, 6, and by adding a subdivision; 474A.13, subdivisions 1, 4, and 5; 474A.14; 474A.15; 474A.16; 474A.17; 474A.18; 474A.20; and 474A.21; proposing coding for new law in Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1986, sections 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19; Laws 1961, chapter 545; Laws 1963, chapters 254; and 827; Laws 1967, chapter 541; Laws 1969, chapter 98; Laws 1973, chapter 114; Laws 1974, chapter 218; Laws 1975, chapter 326; Laws 1976, chapter 234, section 3; Laws 1979, chapter 269, section 1; Laws 1980, chapters 453; and 595, sections 5 and 8; Laws 1981, chapters 222, section 6; and 223, section 6, subdivision 3; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110; and 257, section 1; Laws 1984, chapters 397; 498; and 548, section 9; and Laws 1985, chapters 173; 177; 188; 189; 192; 199; 205; 206, sections 2 and 3; and 301, sections 3 and 4; proposing coding for new law as Minnesota Statutes, chapter 469.

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

S. F. No. 823, A bill for an act relating to banking; authorizing the acquisition of banks for operation as detached banking facilities in the city of Duluth and adjacent municipalities.

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

S. F. No. 1078, A bill for an act relating to commerce; regulating conventional loans; requiring an additional notice of default under certain circumstances; amending Minnesota Statutes 1986, section 47.20, subdivision 8.

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

### CONSENT CALENDAR

H. F. No. 1029, A bill for an act relating to property transfers; expanding the manner for creating custodial property under the uniform transfers to minors act; amending Minnesota Statutes 1986, section 527.29.

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.	Frerichs	Long	Ozment	Solberg
Anderson, R.	Greenfield	Marsh	Pappas	Sparby
Battaglia	Gruenes	McDonald	Pauly	Stanius
Bauerly	Gutknecht	McEachern	Pelowski	Steensma
Beard	Hartle	McKasy	Peterson	Sviggum
Begich	Haukoos	McLaughlin	Poppenhagen	Swenson
Bennett	Hugoson	McPherson	Price	Thiede
Bertram	Jacobs	Milbert	Quinn	Tjornhom
Bishop	Jefferson	Miller	Quist	Tompkins
Blatz	Jensen	Morrison	Redalen	Trimble
Boo	Johnson, A.	Murphy	Reding	Tunheim
Brown	Johnson, R.	Nelson, C.	Richter	Uphus
Burger	Johnson, V.	Nelson, D.	Riveness	Valento
Carlson, D.	Kahn	Nelson, K.	Rodosovich	Vanasek
Carlson, L.	Kalis	Neuenschwander	Rose	Vellenga
Carruthers	Kelly	O'Connor	Rukavina	Voss
Clark	Kelso	Ogren	Sarna	Wagenius
Clausnitzer	Kinkel	Olsen, S.	Schafer	Waltman
Cooper	Kludt	Olson, E.	Scheid	Welle
DeBlieck	Knickerbocker	Olson, K.	Schoenfeld	Wenzel
Dempsey	Knuth	Omam	Schreiber	Winter
Dille	Kostohryz	Onnen	Seaberg	Wynia
Dorn	Larsen	Orenstein	Shaver	Spk. Norton
Forsythe	Lasley	Osthoff	Simoneau	
Frederick	Lieder	Otis	Skoglund	

The bill was passed and its title agreed to.

### SPECIAL ORDERS

H. F. No. 1046, A bill for an act relating to family law; specifying conditions for retroactive modification of child support; amending Minnesota Statutes 1986, section 518.64, 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 113 yeas and 14 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Orenstein	Skoglund
Anderson, R.	Gutknecht	Long	Osthoff	Solberg
Battaglia	Hartle	Marsh	Otis	Sparby
Bauerly	Heap	McEachern	Ozment	Steensma
Beard	Hugoson	McKasy	Pappas	Sviggum
Begich	Jacobs	McLaughlin	Pauly	Swenson
Bennett	Jefferson	McPherson	Pelowski	Tjornhom
Bertram	Jensen	Milbert	Peterson	Trimble
Blatz	Johnson, A.	Miller	Price	Tunheim
Boo	Johnson, R.	Morrison	Reding	Uphus
Brown	Johnson, V.	Munger	Rice	Valento
Burger	Kahn	Murphy	Riveness	Vanasek
Carlson, D.	Kalis	Nelson, C.	Rodosovich	Vellenga
Carlson, L.	Kelly	Nelson, D.	Rose	Voss
Carruthers	Kelso	Nelson, K.	Rukavina	Wagenius
Clark	Kinkel	Neuenschwander	Sarna	Waltman
Clausnitzer	Kludt	O'Connor	Scheid	Welle
Cooper	Knickerbocker	Ogren	Schoenfeld	Wenzel
DeBlicek	Knuth	Olsen, S.	Schreiber	Winter
Dille	Kostohryz	Olsen, E.	Seaberg	Wynia
Dorn	Krueger	Olson, K.	Segal	Spk. Norton
Forsythe	Larsen	Omann	Shaver	
Greenfield	Lasley	Onnen	Simoneau	

## Those who voted in the negative were:

Bishop	Frederick	McDonald	Quist	Thiede
Dauner	Frerichs	Poppenhagen	Richter	Tompkins
Dempsey	Haukoos	Quinn	Schafer	

The bill was passed and its title agreed to.

H. F. No. 593, A bill for an act relating to crimes; requiring insurance companies to notify and release insurance policy information to certain law enforcement and prosecutorial authorities regarding motor vehicle thefts under investigation; prescribing higher penalties for major theft and motor vehicle theft; providing that orders of restitution may be entered in favor of corporate victims; allowing the court to amend or issue orders of restitution when the defendant is on probation or supervised release; extending the statute of limitations for certain major thefts to five years; amending Minnesota Statutes 1986, sections 90.301, subdivision 6; 256.98; 256B.35, subdivision 5; 393.07, subdivision 10; 609.52, subdivision 3; 611A.01; 611A.04, subdivision 1; and 628.26; proposing coding for new law in Minnesota Statutes, chapter 65B.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:



## Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lieder	Ozment	Simoneau
Anderson, R.	Greenfield	Long	Pappas	Skoglund
Battaglia	Gruenes	Marsh	Pauly	Solberg
Bauerly	Gutknecht	McDonald	Pelowski	Sparby
Beard	Hartle	McEachern	Peterson	Stanius
Begich	Haukoos	McKasy	Poppenhagen	Steensma
Bennett	Heap	McLaughlin	Price	Sviggum
Bertram	Hugoson	McPherson	Quinn	Swenson
Bishop	Jacobs	Milbert	Quist	Thiede
Blatz	Jefferson	Miller	Redalen	Tjornhom
Boo	Jensen	Morrison	Reding	Tompkins
Brown	Johnson, A.	Munger	Rest	Trimble
Burger	Johnson, R.	Murphy	Rice	Tunheim
Carlson, D.	Johnson, V.	Nelson, C.	Richter	Uphus
Carlson, L.	Kahn	Nelson, K.	Riveness	Valento
Carruthers	Kalis	Neuenschwander	Rodosovich	Vanasek
Clark	Kelly	O'Connor	Rose	Vellenga
Clausnitzer	Kelso	Ogren	Rukavina	Voss
Cooper	Kinkel	Olsen, S.	Sarna	Wagenius
Dauner	Kludt	Olsen, E.	Schafer	Waltman
DeBlick	Knickerbocker	Olson, K.	Scheid	Welle
Dempsey	Knuth	Omann	Schoenfeld	Wenzel
Dille	Kostohryz	Onnen	Schreiber	Winter
Dorn	Krueger	Orenstein	Seaberg	Wynia
Forsythe	Larsen	Osthoff	Segal	Spk. Norton
Frederick	Lasley	Otis	Shaver	

The bill was passed and its title agreed to.

H. F. No. 822, A bill for an act relating to commerce; requiring that credit card applications contain specific disclosures respecting conditions and costs; prescribing penalties; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325G.

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 9 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Clark	Johnson, A.	Long	Ogren
Anderson, R.	Clausnitzer	Johnson, R.	Marsh	Olsen, S.
Battaglia	Cooper	Johnson, V.	McEachern	Olson, E.
Bauerly	Dauner	Kahn	McKasy	Olson, K.
Beard	DeBlick	Kalis	McLaughlin	Omann
Begich	Dempsey	Kelly	McPherson	Onnen
Bennett	Dorn	Kelso	Milbert	Orenstein
Bertram	Frederick	Kinkel	Miller	Osthoff
Bishop	Greenfield	Kludt	Morrison	Otis
Blatz	Hartle	Knickerbocker	Munger	Ozment
Boo	Haukoos	Knuth	Murphy	Pappas
Brown	Heap	Kostohryz	Nelson, C.	Pelowski
Burger	Hugoson	Krueger	Nelson, D.	Peterson
Carlson, D.	Jacobs	Larsen	Nelson, K.	Price
Carlson, L.	Jefferson	Lasley	Neuenschwander	Quinn
Carruthers	Jensen	Lieder	O'Connor	Redalen

Reding	Sarna	Skoglund	Tompkins	Wagenius
Rest	Scheid	Solberg	Trimble	Waltman
Rice	Schoenfeld	Sparby	Tunheim	Welle
Richter	Schreiber	Stanius	Uphus	Wenzel
Riveness	Seaberg	Steensma	Valento	Winter
Rodosovich	Segal	Sviggum	Vanasek	Wynia
Rose	Shaver	Swenson	Vellenga	Spk. Norton
Rukavina	Simoneau	Tjornhom	Voss	

Those who voted in the negative were:

Forsythe	Gutknecht	Pauly	Quist	Thiede
Frerichs	McDonald	Poppenhagen	Schafer	

The bill was passed and its title agreed to.

H. F. No. 165, A bill for an act relating to insurance; establishing rates for cooperative housing and neighborhood real estate trust insurance within the Minnesota FAIR plan; proposing coding for new law in Minnesota Statutes, chapter 65A.

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 105 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Marsh	Otis	Shaver
Battaglia	Heap	McEachern	Ozment	Simoneau
Bauerly	Jacobs	McKasy	Pappas	Skoglund
Beard	Jefferson	McLaughlin	Pelowski	Solberg
Begich	Jensen	McPherson	Peterson	Sparby
Bennett	Johnson, A.	Milbert	Price	Stanius
Bertram	Johnson, R.	Munger	Quinn	Steensma
Bishop	Kahn	Murphy	Redalen	Swenson
Boo	Kalis	Nelson, C.	Reding	Trimble
Brown	Kelly	Nelson, D.	Rest	Tunheim
Burger	Kelso	Nelson, K.	Rice	Uphus
Carlson, L.	Kinkel	Neuenschwander	Riveness	Valento
Carruthers	Kludt	O'Connor	Rodosovich	Vanasek
Clark	Knickerbocker	Ogren	Rose	Vellenga
Clausnitzer	Knuth	Olsen, S.	Rukavina	Voss
Cooper	Kostohryz	Olsen, E.	Sarna	Wagenius
Dauner	Krueger	Olson, K.	Scheid	Welle
DeBlicek	Larsen	Omann	Schoenfeld	Wenzel
Dempsey	Lasley	Onnen	Schreiber	Winter
Dorn	Lieder	Orenstein	Seaberg	Wynia
Forsythe	Long	Osthoff	Segal	Spk. Norton

Those who voted in the negative were:

Blatz	Gutknecht	McDonald	Poppenhagen	Sviggum
Frederick	Hartle	Miller	Quist	Thiede
Frerichs	Haukoos	Morrison	Richter	Tjornhom
Gruenes	Hugoson	Pauly	Schafer	Waltman

The bill was passed and its title agreed to.

H. F. No. 230, A bill for an act relating to elections; authorizing combination of certain municipalities for election purposes; amending Minnesota Statutes 1986, sections 204B.14, subdivisions 2, 4, 5, and by adding a subdivision; 204B.21, subdivision 2; and 204B.22, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Marsh	Pauly	Solberg
Battaglia	Gutknecht	McDonald	Pelowski	Sparby
Bauerly	Hartle	McEachern	Peterson	Stanus
Beard	Haukoos	McKasy	Poppenhagen	Steensma
Begich	Heap	McLaughlin	Price	Sviggum
Bennett	Hugoson	McPherson	Quinn	Swenson
Bertram	Jacobs	Milbert	Quist	Thiede
Bishop	Jefferson	Miller	Redalen	Tjornhom
Blatz	Jensen	Morrison	Reding	Tompkins
Boo	Johnson, A.	Munger	Rest	Trimble
Brown	Johnson, R.	Murphy	Rice	Tunheim
Burger	Johnson, V.	Nelson, C.	Richter	Uphus
Carlson, D.	Kahn	Nelson, D.	Riveness	Valento
Carlson, L.	Kalis	Nelson, K.	Rodosovich	Vanasek
Carruthers	Kelly	Neuenschwander	Rose	Vellenga
Clark	Kelso	O'Connor	Rukavina	Voss
Clausnitzer	Kinkel	Ogren	Sarna	Wagenius
Cooper	Kludt	Olsen, S.	Schafer	Waltman
Dauner	Knickerbocker	Olson, E.	Scheid	Welle
DeBlicek	Knuth	Olson, K.	Schoenfeld	Wenzel
Dempsey	Kostohryz	Omann	Schreiber	Winter
Dorn	Krueger	Onnen	Seaberg	Wynia
Forsythe	Larsen	Orenstein	Segal	Spk. Norton
Frederick	Lasley	Otis	Shaver	
Frerichs	Lieder	Ozment	Simoneau	
Greenfield	Long	Pappas	Skoglund	

Those who voted in the negative were:

Osthoff

The bill was passed and its title agreed to.

H. F. No. 1174 was reported to the House.

Bishop moved to amend H. F. No. 1174, the first engrossment, as follows:

Page 3, after line 4, insert:

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

Page 3, line 29, before the period, insert ", and is in addition to any term of imprisonment or restitution imposed or ordered by the court"

Page 3, line 31, delete "includes" and insert "means victim witness program within county attorney offices or any of the following programs approved by the department of corrections."

The motion prevailed and the amendment was adopted.

Bishop and Kelly moved to amend H. F. No. 1174, the first engrossment, as amended, as follows:

Page 3, line 22, delete "may" and insert "must"

The motion prevailed and the amendment was adopted.

H. F. No. 1174, A bill for an act relating to crime victims; requiring courts to impose minimum fines on persons convicted of assault or sexual abuse; requiring that the proceeds of these minimum fines be forwarded to local victim assistance programs and the state crime victim and witness advisory council; clarifying certain ambiguous language; amending Minnesota Statutes 1986, section 609.101.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carruthers	Hartle	Kinkel	McPherson
Anderson, R.	Clark	Haukoos	Kludt	Milbert
Battaglia	Clausnitzer	Heap	Knickerbocker	Miller
Bauerly	Cooper	Himle	Knuth	Minne
Beard	Dauner	Hugoson	Kostohryz	Morrison
Begich	DeBlieck	Jacobs	Krueger	Munger
Bennett	Dempsey	Jefferson	Larsen	Murphy
Bertram	Dille	Jensen	Lasley	Nelson, C.
Bishop	Dorn	Johnson, A.	Lieder	Nelson, D.
Blatz	Forsythe	Johnson, R.	Long	Nelson, K.
Boo	Frederick	Johnson, V.	Marsh	Neuenschwander
Brown	Frerichs	Kahn	McDonald	O'Connor
Burger	Greenfield	Kalis	McEachern	Ogren
Carlson, D.	Gruenes	Kelly	McKasy	Olsen, S.
Carlson, L.	Gutknecht	Kelso	McLaughlin	Olsen, E.

Olson, K.	Price	Sarna	Stanius	Vellenga
Omann	Quinn	Schafer	Steensma	Voss
Onnen	Quist	Scheid	Sviggum	Wagenius
Orenstein	Redalen	Schoenfeld	Swenson	Waltman
Osthoff	Reding	Schreiber	Thiede	Welle
Otis	Rest	Seaberg	Tjornhom	Wenzel
Ozment	Rice	Segal	Tompkins	Winter
Pappas	Richter	Shaver	Trimble	Wynia
Pauly	Riveness	Simoneau	Tunheim	Spk. Norton
Pelowski	Rodosovich	Skoglund	Uphus	
Peterson	Rose	Solberg	Valento	
Poppenhagen	Rukavina	Sparby	Vanasek	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1524, A bill for an act relating to human services; setting forth appeal procedure for recipients of case management services; amending Minnesota Statutes 1986, sections 256.045, subdivisions 1, 3, 4, 5, 6, 7, and 10, and by adding a subdivision; repealing Minnesota Statutes 1986, section 256.045, 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Otis	Shaver
Anderson, R.	Gutknecht	Marsh	Ozment	Simoneau
Battaglia	Hartle	McDonald	Pappas	Skoglund
Bauerly	Haukoos	McEachern	Pauly	Solberg
Beard	Heap	McKasy	Pelowski	Sparby
Begich	Himle	McLaughlin	Peterson	Stanius
Bennett	Hugoson	McPherson	Poppenhagen	Steensma
Bertram	Jacobs	Milbert	Price	Sviggum
Blatz	Jefferson	Miller	Quinn	Swenson
Brown	Jensen	Minne	Quist	Thiede
Burger	Johnson, A.	Morrison	Redalen	Tjornhom
Carlson, D.	Johnson, R.	Munger	Reding	Tompkins
Carlson, L.	Johnson, V.	Murphy	Rest	Trimble
Carruthers	Kahn	Nelson, C.	Rice	Tunheim
Clark	Kalis	Nelson, D.	Richter	Uphus
Clausnitzer	Kelly	Nelson, K.	Riveness	Valento
Cooper	Kelso	Neuenschwander	Rodosovich	Vanasek
Dauner	Kinkel	O'Connor	Rose	Vellenga
DeBlieck	Kludt	Ogren	Rukavina	Voss
Dempsey	Knickerbocker	Olsen, S.	Sarna	Wagenius
Dille	Knuth	Olson, E.	Schafer	Waltman
Dorn	Kostohryz	Olson, K.	Scheid	Welle
Forsythe	Krueger	Omann	Schoenfeld	Wenzel
Frederick	Larsen	Onnen	Schreiber	Winter
Frerichs	Lasley	Orenstein	Seaberg	Wynia
Greenfield	Lieder	Osthoff	Segal	Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 80 was reported to the House.

Milbert, Poppenhagen and McLaughlin moved to amend S. F. No. 80, as follows:

Page 1, line 13, after "than" insert "the"

Page 1, line 15, delete "time of"

Page 1, delete lines 16 to 21 and insert "request of the insured."

The motion prevailed and the amendment was adopted.

S. F. No. 80, A bill for an act relating to insurance; providing flexibility in the amount of coverages other than for the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Otis	Shaver
Anderson, R.	Greenfield	Lieder	Ozment	Simoneau
Battaglia	Gruenes	Long	Pappas	Skoglund
Bauerly	Gutknecht	Marsh	Pauly	Solberg
Beard	Hartle	McDonald	Pelowski	Sparby
Begich	Haukoos	McEachern	Peterson	Stanius
Bennett	Heap	McKasy	Poppenhagen	Steensma
Bertram	Himle	McLaughlin	Price	Sviggun
Bishop	Hugoson	Milbert	Quinn	Swenson
Blatz	Jacobs	Miller	Quist	Thiede
Boo	Jefferson	Minne	Redalen	Tjornhom
Brown	Jensen	Morrison	Reding	Tompkins
Burger	Johnson, A.	Munger	Rest	Trimble
Carlson, D.	Johnson, R.	Murphy	Rice	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Uphus
Carruthers	Kahn	Nelson, D.	Riveness	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Vellenga
Cooper	Kelso	O'Connor	Rukavina	Voss
Dauner	Kinkel	Ogren	Sarna	Wagenius
DeBlieck	Kludt	Olsen, S.	Schafer	Waltman
Dempsey	Knickerbocker	Olson, K.	Scheid	Welle
Dille	Knuth	Omann	Schoenfeld	Wenzel
Dorn	Kostohryz	Onnen	Schreiber	Winter
Forsythe	Krueger	Orenstein	Seaberg	Wynia
Frederick	Larsen	Osthoff	Segal	Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 123, A bill for an act relating to local government; broadening the joint self-insurance pool regulation exemption; amending Minnesota Statutes 1986, section 471.982, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Long	Otis	Simoneau
Anderson, R.	Gruenes	Marsh	Ozment	Skoglund
Battaglia	Gutknecht	McDonald	Pappas	Solberg
Bauerly	Hartle	McEachern	Pauly	Sparby
Beard	Haukoos	McKasy	Pelowski	Stanius
Begich	Heap	McLaughlin	Peterson	Steensma
Bennett	Himle	McPherson	Poppenhagen	Sviggum
Bertram	Hugoson	Milbert	Price	Swenson
Bishop	Jacobs	Miller	Quinn	Thiede
Blatz	Jefferson	Minne	Quist	Tjornhom
Boo	Jensen	Morrison	Redalen	Tompkins
Brown	Johnson, A.	Munger	Reding	Trimble
Carlson, D.	Johnson, R.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Uphus
Carruthers	Kahn	Nelson, D.	Richter	Valento
Clark	Kalis	Nelson, K.	Riveness	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Vellenga
Cooper	Kinkel	O'Connor	Rose	Voss
Dauner	Kludt	Ogren	Rukavina	Wagenius
DeBlieck	Knickerbocker	Olsen, S.	Sarna	Waltman
Dempsey	Knuth	Olson, E.	Schafer	Welle
Dille	Kostohryz	Olson, K.	Scheid	Wenzel
Dorn	Krueger	Omann	Schoenfeld	Winter
Forsythe	Larsen	Onnen	Schreiber	Wynia
Frederick	Lasley	Orenstein	Segal	Spk. Norton
Frerichs	Lieder	Osthoff	Shaver	

The bill was passed and its title agreed to.

S. F. No. 333, A bill for an act relating to game and fish; allowing raccoon dog field trials to tree raccoons during certain periods by permit; amending Minnesota Statutes 1986, section 97B.621, 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 119 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Cooper	Greenfield	Jacobs
Anderson, R.	Brown	Dauner	Gruenes	Jefferson
Battaglia	Burger	DeBlieck	Gutknecht	Jensen
Bauerly	Carlson, D.	Dempsey	Hartle	Johnson, A.
Begich	Carlson, L.	Dille	Haukoos	Johnson, R.
Bennett	Carruthers	Dorn	Heap	Johnson, V.
Bertram	Clark	Frederick	Himle	Kahn
Bishop	Clausnitzer	Frerichs	Hugoson	Kalis

Kelso	McPherson	Orenstein	Rose	Thiede
Kinkel	Milbert	Ozment	Rukavina	Tjornhom
Kludt	Miller	Pauly	Schafer	Tompkins
Knickerbocker	Minne	Pelowski	Schoenfeld	Tunheim
Knuth	Morrison	Peterson	Schreiber	Uphus
Kostohryz	Murphy	Poppenhagen	Seaberg	Valento
Krueger	Nelson, C.	Price	Segal	Vanasek
Larsen	Nelson, D.	Quinn	Shaver	Vellenga
Lasley	Nelson, K.	Quist	Simoneau	Voss
Lieder	Neuenschwander	Redalen	Skoglund	Waltman
Long	Ogren	Reding	Solberg	Welle
Marsh	Olsen, S.	Rest	Sparby	Wenzel
McDonald	Olsen, E.	Rice	Stanuis	Winter
McEachern	Olsen, K.	Richter	Steensma	Wynia
McKasy	Omann	Riveness	Sviggum	Spk. Norton
McLaughlin	Onnen	Rodosovich	Swenson	

Those who voted in the negative were:

Beard	Munger	Pappas	Scheid	Wagenius
Kelly	Osthoff	Sarna	Trimble	

The bill was passed and its title agreed to.

H. F. No. 624, A bill for an act relating to conciliation courts; providing for entry of judgment; providing for vacation of default judgment in certain circumstances; providing for time limitation and service by mail on removal to county court; allowing a party to proceed without payment of a filing fee; amending Minnesota Statutes 1986, section 487.30, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlicek	Johnson, V.	McPherson	Pauly
Anderson, R.	Dempsey	Kahn	Milbert	Pelowski
Battaglia	Dille	Kalis	Minne	Peterson
Bauerly	Dorn	Kelly	Morrison	Poppenhagen
Beard	Forsythe	Kelso	Munger	Price
Begich	Frederick	Kinkel	Murphy	Quinn
Bennett	Frerichs	Kludt	Nelson, C.	Quist
Bertram	Greenfield	Knickerbocker	Nelson, D.	Redalen
Bishop	Gruenes	Knuth	Nelson, K.	Reding
Blatz	Gutknecht	Kostohryz	Neuenschwander	Rest
Boo	Hartle	Krueger	Olsen, S.	Rice
Brown	Haukoos	Larsen	Olsen, S.	Richter
Burger	Heap	Lasley	Olsen, K.	Riveness
Carlson, D.	Himle	Lieder	Omann	Rodosovich
Carlson, L.	Hugoson	Long	Onnen	Rose
Carruthers	Jacobs	Marsh	Orenstein	Rukavina
Clark	Jefferson	McDonald	Osthoff	Sarna
Clausnitzer	Jensen	McEachern	Otis	Schafer
Cooper	Johnson, A.	McKasy	Ozment	Scheid
Dauner	Johnson, R.	McLaughlin	Pappas	Schoenfeld



Schreiber	Solberg	Thiede	Valento	Wenzel
Seaberg	Sparby	Tjornhom	Vanasek	Winter
Segal	Stanius	Tompkins	Vellenga	Wynia
Shaver	Steensma	Trimble	Voss	
Simoneau	Sviggum	Tunheim	Wagenius	
Skoglund	Swenson	Uphus	Waltman	

The bill was passed and its title agreed to.

The Speaker called Long to the Chair.

S. F. No. 409, A bill for an act relating to child abuse reporting; requiring mandated reporters to report certain past occurrences of child abuse or neglect; requiring the commissioner to investigate reports of past occurrences of child abuse or neglect in a facility; amending Minnesota Statutes 1986, section 626.556, subdivisions 3, 6, and 10b.

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.	Frederick	Larsen	Osthoff	Segal
Anderson, R.	Frerichs	Lasley	Otis	Shaver
Battaglia	Greenfield	Lieder	Ozment	Simoneau
Bauerly	Gruenes	Long	Pappas	Skoglund
Beard	Gutknecht	Marsh	Pauly	Solberg
Begich	Hartle	McDonald	Pelowski	Sparby
Bennett	Haukoos	McEachern	Peterson	Stanius
Bertram	Heap	McKasy	Poppenhagen	Steensma
Bishop	Hugoson	McLaughlin	Price	Sviggum
Blatz	Jacobs	McPherson	Quinn	Swenson
Boo	Jefferson	Milbert	Quist	Thiede
Brown	Jensen	Minne	Redalen	Tjornhom
Burger	Johnson, A.	Morrison	Rest	Tompkins
Carlson, D.	Johnson, R.	Munger	Rice	Trimble
Carlson, L.	Johnson, V.	Murphy	Richter	Tunheim
Carruthers	Kahn	Nelson, D.	Riveness	Uphus
Clark	Kalis	Nelson, K.	Rodosovich	Valento
Clausnitzer	Kelly	Neuenschwander	Rose	Vanasek
Cooper	Kelso	Ogren	Rukavina	Vellenga
Dauner	Kinkel	Olsen, S.	Sarna	Voss
DeBlicke	Kludt	Olson, E.	Schafer	Wagenius
Dempsey	Knickerbocker	Olson, K.	Scheid	Waltman
Dille	Knuth	Omann	Schoenfeld	Wenzel
Dorn	Kostohryz	Onnen	Schreiber	Winter
Forsythe	Krueger	Orenstein	Seaberg	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 470, A bill for an act relating to the city of Duluth and the county of St. Louis; authorizing the filing of the plat of Spirit Valley.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Long	Otis	Simoneau
Anderson, R.	Gruenes	Marsh	Ozment	Skoglund
Battaglia	Gutknecht	McDonald	Pappas	Solberg
Bauerly	Hartle	McEachern	Pauly	Sparby
Beard	Haukoos	McKasy	Pelowski	Stanius
Begich	Heap	McLaughlin	Peterson	Steensma
Bennett	Himle	McPherson	Poppenhagen	Sviggum
Bertram	Hugoson	Milbert	Price	Swenson
Bishop	Jefferson	Miller	Quist	Thiede
Blatz	Jensen	Minne	Redalen	Tjornhom
Boo	Johnson, A.	Morrison	Reding	Tompkins
Brown	Johnson, R.	Munger	Rest	Trimble
Burger	Johnson, V.	Murphy	Rice	Tunheim
Carlson, D.	Kahn	Nelson, C.	Richter	Uphus
Carlson, L.	Kalis	Nelson, D.	Riveness	Valento
Carruthers	Kelly	Nelson, K.	Rodosovich	Vanasek
Clark	Kelso	Neuenschwander	Rose	Vellenga
Clausnitzer	Kinkel	O'Connor	Rukavina	Voss
Cooper	Kludt	Ogren	Sarna	Wagenius
Dauner	Knickerbocker	Olsen, S.	Schafer	Waltman
DeBlieck	Knuth	Olson, E.	Scheid	Welle
Dempsey	Kostohryz	Olson, K.	Schoenfeld	Wenzel
Dorn	Krueger	Omann	Schreiber	Winter
Forsythe	Larsen	Onnen	Seaberg	Wynia
Frederick	Lasley	Orenstein	Segal	Spk. Norton
Frerichs	Lieder	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 88, A bill for an act relating to probate; changing and clarifying certain powers of trustees; redefining "augmented estate" for certain purposes; amending Minnesota Statutes 1986, sections 501.125, subdivision 1; 501.66, subdivision 28; and 524.2-202; proposing coding for new law in Minnesota Statutes, chapter 501; repealing Minnesota Statutes 1986, sections 501.125, subdivision 1a; and 501.66, subdivision 6a.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Clausnitzer
Battaglia	Bennett	Boo	Carlson, L.	Cooper
Bauerly	Bertram	Brown	Carruthers	Dauner

DeBlieck	Kelly	Murphy	Quist	Steensma
Dempsey	Kelso	Nelson, C.	Redalen	Sviggum
Dille	Kinkel	Nelson, D.	Reding	Swenson
Dorn	Kludt	Nelson, K.	Rest	Thiede
Forsythe	Knickerbocker	Neuenschwander	Rice	Tjornhom
Frederick	Knuth	O'Connor	Richter	Tompkins
Frerichs	Kostohryz	Ogren	Riveness	Trimble
Greenfield	Krueger	Olsen, S.	Rodosovich	Tunheim
Gruenes	Larsen	Olson, E.	Rose	Uphus
Gutknecht	Lasley	Olson, K.	Rukavina	Valento
Hartle	Lieder	Omann	Sarna	Vanasek
Haukoos	Long	Onnen	Schafer	Vellenga
Heap	Marsh	Orenstein	Scheid	Voss
Himle	McDonald	Osthoff	Schoenfeld	Wagenius
Hugoson	McEachern	Otis	Schreiber	Waltman
Jacobs	McKasy	Ozment	Seaberg	Welle
Jefferson	McLaughlin	Pappas	Segal	Wenzel
Jensen	McPherson	Pauly	Shaver	Winter
Johnson, A.	Milbert	Pelowski	Simoneau	Wynia
Johnson, R.	Miller	Peterson	Skoglund	Spk. Norton
Johnson, V.	Minne	Poppenhagen	Solberg	
Kahn	Morrison	Price	Sparby	
Kalis	Munger	Quinn	Stanius	

The bill was passed and its title agreed to.

H. F. No. 307 was reported to the House.

Segal moved that H. F. No. 307 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1590, A bill for an act relating to education; clarifying the authority of school boards to appoint directors of area vocational technical institutes; amending Minnesota Statutes 1986, section 136C.05, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carruthers	Gutknecht	Kalis	McEachern
Anderson, R.	Clark	Hartle	Kelly	McKasy
Battaglia	Clausnitzer	Haukoos	Kelso	McLaughlin
Bauerly	Cooper	Heap	Kinkel	McPherson
Beard	Dauner	Himle	Kludt	Milbert
Bennett	DeBlieck	Hugoson	Knickerbocker	Miller
Bertram	Dempsey	Jacobs	Knuth	Minne
Bishop	Dille	Jefferson	Kostohryz	Morrison
Blatz	Dorn	Jennings	Krueger	Munger
Boo	Forsythe	Jensen	Larsen	Murphy
Brown	Frederick	Johnson, A.	Lasley	Nelson, C.
Burger	Frerichs	Johnson, R.	Long	Nelson, D.
Carlson, D.	Greenfield	Johnson, V.	Marsh	Nelson, K.
Carlson, L.	Gruenes	Kahn	McDonald	Neuenschwander

O'Connor	Pelowski	Rose	Sparby	Vellenga
Ogren	Peterson	Rukavina	Stanius	Voss
Olsen, S.	Poppenhagen	Sarna	Steensma	Wagenius
Olson, E.	Price	Schafer	Sviggum	Waltman
Olson, K.	Quinn	Scheid	Swenson	Welle
Omann	Quist	Schoenfeld	Thiede	Wenzel
Onnen	Redalen	Schreiber	Tjornhom	Winter
Orenstein	Reding	Seaberg	Tompkins	Wynia
Osthoff	Rest	Segal	Trimble	Spk. Norton
Otis	Rice	Shaver	Tunheim	
Ozment	Richter	Simoneau	Uphus	
Pappas	Riveness	Skoglund	Valento	
Pauly	Rodosovich	Solberg	Vanasek	

The bill was passed and its title agreed to.

S. F. No. 673, A bill for an act relating to human services; allowing the use of certain professional standards for chemical dependency professionals; amending Minnesota Statutes 1986, section 254A.16, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Hugoson	McLaughlin	Peterson	Stanius
Bertram	Jacobs	McPherson	Poppenhagen	Steensma
Bishop	Jefferson	Milbert	Price	Sviggum
Blatz	Jennings	Miller	Quinn	Swenson
Boo	Jensen	Minne	Quist	Thiede
Brown	Johnson, A.	Morrison	Redalen	Tjornhom
Burger	Johnson, R.	Munger	Reding	Tompkins
Carlson, D.	Johnson, V.	Murphy	Rest	Trimble
Carlson, L.	Kahn	Nelson, C.	Rice	Tunheim
Carruthers	Kalis	Nelson, D.	Richter	Uphus
Clark	Kelly	Nelson, K.	Riveness	Valento
Clausnitzer	Kelso	Neuenschwander	Rodosovich	Vanasek
Cooper	Kinkel	O'Connor	Rose	Vellenga
Dauner	Kludt	Ogren	Rukavina	Voss
DeBlicke	Knickerbocker	Olsen, S.	Sarna	Wagenius
Dempsey	Knuth	Olson, E.	Schafer	Waltman
Dille	Kostohryz	Olson, K.	Scheid	Welle
Dorn	Krueger	Omann	Schoenfeld	Wenzel
Forsythe	Larsen	Onnen	Schreiber	Winter
Frerichs	Lasley	Orenstein	Seaberg	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1252, A bill for an act relating to eminent domain; authorizing court having jurisdiction over an eminent domain proceeding to compel occupants of condemned real estate to deliver possession; proposing coding for new law in Minnesota Statutes, chapter 117.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Ozment	Skoglund
Anderson, R.	Gutknecht	Marsh	Pappas	Solberg
Battaglia	Hartle	McDonald	Pauly	Sparby
Bauerly	Haukoos	McEachern	Pelowski	Stanius
Beard	Heap	McKasy	Peterson	Steensma
Begich	Himle	McLaughlin	Poppenhagen	Sviggum
Bennett	Hugoson	McPherson	Price	Swenson
Bertram	Jacobs	Milbert	Quinn	Thiede
Bishop	Jefferson	Miller	Quist	Tjornhom
Blatz	Jennings	Minne	Redalen	Tompkins
Boo	Jensen	Morrison	Reding	Trimble
Brown	Johnson, A.	Munger	Rest	Tunheim
Burger	Johnson, R.	Murphy	Rice	Uphus
Carlson, D.	Johnson, V.	Nelson, C.	Richter	Valento
Carlson, L.	Kahn	Nelson, D.	Riveness	Vanasek
Carruthers	Kalis	Nelson, K.	Rodosovich	Vellenga
Clark	Kelly	Neuenschwander	Rose	Voss
Clausnitzer	Kelso	O'Connor	Rukavina	Wagenius
Cooper	Kinkel	Ogren	Sarna	Waltman
DeBlieck	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knickerbocker	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omann	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	
Greenfield	Lieder	Otis	Simoneau	

The bill was passed and its title agreed to.

Vanasek 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 Speaker pro tempore Long.

REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Monday, May 4, 1987:

S. F. No. 184; H. F. Nos. 1163, 1204, 1319, 1409, 1419, 1421, 389, 1374, 1508, 1188, 1278 and 1511; S. F. No. 420; H. F. No. 1043; S. F. No. 345; H. F. Nos. 1274, 384, 574, 647, 1304, 1328, 1475, 1563, 1482 and 894; S. F. Nos. 922 and 593; H. F. No. 1417; S. F. No. 557; and H. F. Nos. 1078 and 1399.

### SPECIAL ORDERS

S. F. No. 184 was reported to the House.

Quinn moved to amend S. F. No. 184, the unofficial engrossment, as follows:

Page 3, line 24, delete "1" and insert "5"

The motion prevailed and the amendment was adopted.

Shaver moved to amend S. F. No. 184, the unofficial engrossment, as amended, as follows:

Page 3, lines 30 to 34, delete all of section 7

A roll call was requested and properly seconded.

The question was taken on the Shaver amendment and the roll was called. There were 56 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dorn	Jennings	Olsen, S.	Scheid
Bauerly	Forsythe	Johnson, V.	Olson, K.	Schreiber
Bishop	Frederick	Kalis	Omman	Shaver
Blatz	Frerichs	Kludt	Onnen	Sparby
Boo	Gruenes	Knickerbocker	Pauly	Sviggum
Burger	Gutknecht	Marsh	Poppenhagen	Swenson
Carlson, D.	Hartle	McDonald	Quist	Thiede
Clausnitzer	Haukoos	McPherson	Redalen	Tjornhom
Dauner	Heap	Miller	Richter	Tompkins
Dempsey	Himle	Morrison	Rose	Uphus
Dille	Hugoson	Neuenschwander	Schafer	Valento
				Waltman

Those who voted in the negative were:

Anderson, G.	Johnson, A.	Milbert	Peterson	Stanius
Battaglia	Johnson, R.	Minne	Price	Steensma
Beard	Kahn	Munger	Quinn	Trimble
Begich	Kelly	Murphy	Reding	Tunheim
Bennett	Kelso	Nelson, C.	Rest	Vanasek
Bertram	Kinkel	Nelson, D.	Rice	Vellenga
Brown	Knuth	Nelson, K.	Riveness	Voss
Carlson, L.	Kostohryz	O'Connor	Rodosovich	Wagenius
Carruthers	Krueger	Ogren	Rukavina	Welle
Clark	Larsen	Olson, E.	Sarna	Wenzel
Cooper	Lasley	Orenstein	Schoenfeld	Winter
DeBleeck	Lieder	Osthoff	Seaberg	Wynia
Greenfield	Long	Otis	Segal	Spk. Norton
Jacobs	McEachern	Ozment	Simoneau	
Jefferson	McKasy	Pappas	Skoglund	
Jensen	McLaughlin	Pelowski	Solberg	

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

Olsen, S., and Gruenes moved to amend S. F. No. 184, the unofficial engrossment, as amended, as follows:

Page 2, line 10, delete the headnote and insert "[EXCEPTIONS.]"

Page 2, delete lines 12 to 17

Page 2, line 18, delete everything before "This"

Page 2, line 19, after subscribers, insert "who have knowingly or voluntarily requested, consented to, or permitted or authorized receipt of the message or"

Page 2, delete lines 30 to 36 and insert "A caller may use an automatic dialing-announcing device only if:

(1) the message conveyed by the device states the nature of the call and the identity of the person, company, or organization making the call;

(2) the device disconnects from the called person's line not later than ten seconds after the called person hangs up; and

(3) the device is not used to make a call before 8:30 a.m. or after 9:00 p.m. on any day."

Page 3, delete lines 1 to 29

Page 3, line 33, delete everything after the period

Page 3, delete line 34

Renumber the sections in order

Amend the title accordingly

Correct internal references

A roll call was requested and properly seconded.

The question was taken on the Olsen, S., and Gruenes amendment and the roll was called. There were 69 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Kelso	Onnen	Sparby
Bauerly	Dorn	Kludt	Ozment	Stanius
Bennett	Forsythe	Knickerbocker	Pauly	Sviggum
Bertram	Frederick	Marsh	Pelowski	Swenson
Bishop	Frerichs	McDonald	Poppenhagen	Thiede
Blatz	Gruenes	McKasy	Quist	Tjornhom
Boo	Gutknecht	McPherson	Redalen	Tompkins
Burger	Hartle	Miller	Rest	Uphus
Carlson, D.	Haukoos	Morrison	Richter	Valento
Carlson, L.	Heap	Nelson, C.	Rose	Waltman
Clausnitzer	Himle	Neuenschwander	Schafer	Welle
Cooper	Hugoson	Olsen, S.	Scheid	Wenzel
Dauner	Jennings	Olson, K.	Schreiber	Winter
Dempsey	Johnson, V.	Omann	Shaver	

Those who voted in the negative were:

Anderson, G.	Kahn	McLaughlin	Otis	Simoneau
Battaglia	Kalis	Milbert	Pappas	Skoglund
Beard	Kelly	Minne	Peterson	Solberg
Begich	Kinkel	Munger	Price	Steensma
Carruthers	Knuth	Murphy	Quinn	Trimble
Clark	Kostohryz	Nelson, D.	Reding	Vanasek
DeBlieck	Krueger	Nelson, K.	Rice	Vellenga
Greenfield	Larsen	O'Connor	Rodosovich	Voss
Jacobs	Lasley	Ogren	Rukavina	Wagenius
Jefferson	Lieder	Olson, E.	Sarna	Wynia
Jensen	Long	Orenstein	Schoenfeld	Spk. Norton
Johnson, R.	McEachern	Osthoff	Segal	

The motion prevailed and the amendment was adopted.

Himle moved to amend S. F. No. 184, the unofficial engrossment, as amended, as follows:

Page 2, line 3, after "solicitation" insert "includes calls initiated by or on behalf of political parties or candidates for any public office but"

A roll call was requested and properly seconded.

The question was taken on the Himle amendment and the roll was called. There were 56 yeas and 71 nays as follows:



## Those who voted in the affirmative were:

Anderson, G.	Haukoos	Lieder	Poppenhagen	Swiggum
Anderson, R.	Heap	McDonald	Price	Swenson
Bennett	Himle	McPherson	Quist	Thiede
Blatz	Hugoson	Milbert	Redalen	Tjornhom
Carlson, D.	Jennings	Miller	Rest	Valento
Clausnitzer	Johnson, A.	Morrison	Rose	Vellenga
Dempsey	Johnson, V.	Neuenschwander	Schafer	Waltman
Forsythe	Kalis	Olsen, S.	Scheid	Wynia
Frederick	Kelso	Olson, E.	Schoenfeld	
Frerichs	Kludd	Onnen	Schreiber	
Greenfield	Knickerbocker	Pappas	Shaver	
Gutknecht	Knuth	Pauly	Stanius	

## Those who voted in the negative were:

Battaglia	Jacobs	McLaughlin	Peterson	Tompkins
Bauerly	Jefferson	Minne	Quinn	Trimble
Beard	Jensen	Munger	Reding	Tunheim
Begich	Johnson, R.	Murphy	Rest	Uphus
Bertram	Kahn	Nelson, C.	Rice	Vanasek
Brown	Kelly	Nelson, D.	Riveness	Voss
Burger	Kinkel	Nelson, K.	Rodosovich	Wagenius
Carlson, L.	Kostohryz	O'Connor	Rukavina	Welle
Carruthers	Krueger	Ogren	Sarna	Wenzel
Cooper	Larsen	Omman	Segal	Winter
Dauner	Lasley	Orenstein	Simoneau	Spk. Norton
DeBlieck	Long	Osthoff	Skoglund	
Dorn	Marsh	Otis	Solberg	
Gruenes	McEachern	Ozment	Sparby	
Hartle	McKasy	Pelowski	Steensma	

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

S. F. No. 184, A bill for an act relating to utilities; trade practices; restricting use and connection of automatic dialing-announcing devices to telephone lines; proposing coding for new law in Minnesota Statutes, chapter 325E.

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 13 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Carruthers	Gruenes	Johnson, V.	Lasley
Battaglia	Clark	Gutknecht	Kahn	Lieder
Bauerly	Clausnitzer	Hartle	Kelly	Long
Beard	Cooper	Heap	Kelso	Marsh
Begich	Dauner	Hugoson	Kinkel	McEachern
Bennett	DeBlieck	Jacobs	Kludd	McKasy
Bertram	Dempsey	Jefferson	Knickerbocker	McLaughlin
Blatz	Dille	Jennings	Knuth	McPherson
Brown	Dorn	Jensen	Kostohryz	Milbert
Carlson, D.	Forsythe	Johnson, A.	Krueger	Miller
Carlson, L.	Greenfield	Johnson, R.	Larsen	Minne

Morrison	Orenstein	Rest	Segal	Uphus
Munger	Osthoff	Rice	Shaver	Valento
Murphy	Otis	Richter	Simoneau	Vanasek
Nelson, C.	Ozment	Riveness	Skoglund	Vellenga
Nelson, D.	Pappas	Rodosovich	Solberg	Voss
Nelson, K.	Pauly	Rose	Stanius	Wagenius
Neuenschwander	Pelowski	Rukavina	Steensma	Waltman
O'Connor	Peterson	Sarna	Sviggun	Welle
Ogren	Poppenhagen	Schafer	Swenson	Wenzel
Olsen, S.	Price	Scheid	Tjornhom	Winter
Olson, E.	Quinn	Schoenfeld	Tompkins	Wynia
Olson, K.	Quist	Schreiber	Trimble	Spk. Norton
Omann	Reding	Seaberg	Tunheim	

Those who voted in the negative were:

Anderson, R.	Frederick	Himle	Onnen	Thiede
Bishop	Frerichs	Kalis	Redalen	
Burger	Haukoos	McDonald	Sparby	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1163 was reported to the House.

There being no objection, H. F. No. 1163 was continued on Special Orders for one day.

H. F. No. 1204, A bill for an act relating to Hennepin county; providing for the management of county health facilities; permitting the county board to hold closed meetings on certain medical center business; permitting certain data to be treated as trade secret information; amending Minnesota Statutes 1986, section 383B.217, subdivision 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Haukoos	Kinkel	Milbert
Anderson, R.	Clausnitzer	Heap	Kludt	Minne
Battaglia	Cooper	Himle	Knickerbocker	Morrison
Bauerly	Dauner	Hugoson	Knuth	Munger
Begich	DeBlicke	Jacobs	Kostohryz	Murphy
Bennett	Dempsey	Jefferson	Krueger	Nelson, C.
Bertram	Dille	Jennings	Larsen	Nelson, D.
Bishop	Dorn	Jensen	Lieder	Nelson, K.
Blatz	Forsythe	Johnson, A.	Long	Neuenschwander
Boo	Frederick	Johnson, R.	Marsh	O'Connor
Brown	Frerichs	Johnson, V.	McDonald	Ogren
Burger	Greenfield	Kahn	McEachern	Olsen, S.
Carlson, D.	Gruenes	Kalis	McKasy	Olson, E.
Carlson, L.	Gutknecht	Kelly	McLaughlin	Olson, K.
Carruthers	Hartle	Kelso	McPherson	Omann

Onnen	Quist	Schafer	Sviggum	Voss
Orenstein	Redalen	Scheid	Swenson	Wagenius
Osthoff	Reding	Schoenfeld	Thiede	Waltman
Otis	Rest	Schreiber	Tjornhom	Welle
Ozment	Rice	Seaberg	Tompkins	Wenzel
Pappas	Richter	Segal	Trimble	Winter
Pauly	Riveness	Shaver	Tunheim	Wynia
Pelowski	Rodosovich	Simoneau	Uphus	Spk. Norton
Peterson	Rose	Skoglund	Valento	
Poppenhagen	Rukavina	Sparby	Vanasek	
Price	Sarna	Stanis	Vellenga	

Those who voted in the negative were:

Beard	Steensma
Quinn	

The bill was passed and its title agreed to.

H. F. No. 1319, A bill for an act relating to state government; authorizing the use of certain mechanical lifting devices in public buildings; amending Minnesota Statutes 1986, section 16B.61, 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 120 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Schreiber
Anderson, R.	Gutknecht	Marsh	Otis	Seaberg
Battaglia	Hartle	McDonald	Ozment	Segal
Bauerly	Haukoos	McEachern	Pappas	Shaver
Beard	Heap	McKasy	Pauly	Simoneau
Begich	Himle	McLaughlin	Pelowski	Skoglund
Bennett	Hugoson	McPherson	Peterson	Solberg
Bertram	Jacobs	Milbert	Poppenhagen	Sparby
Bishop	Jennings	Miller	Price	Stanis
Blatz	Jensen	Minne	Quinn	Sviggum
Brown	Johnson, A.	Morrison	Quist	Swenson
Burger	Johnson, R.	Munger	Redalen	Thiede
Carlson, D.	Johnson, V.	Murphy	Reding	Tjornhom
Carlson, L.	Kahn	Nelson, C.	Rest	Tompkins
Clausnitzer	Kelly	Nelson, D.	Rice	Trimble
Cooper	Kelso	Nelson, K.	Richter	Tunheim
Dauner	Kinkel	Neuenschwander	Riveness	Uphus
DeBlick	Kludt	O'Connor	Rodosovich	Valento
Dempsey	Knickerbocker	Olsen, S.	Rose	Vanasek
Dille	Knuth	Olson, E.	Rukavina	Waltman
Dorn	Kostohryz	Olson, K.	Sarna	Welle
Forsythe	Krueger	Omnn	Schafer	Wenzel
Frederick	Larsen	Onnen	Scheid	Winter
Frerichs	Lasley	Orenstein	Schoenfeld	Spk. Norton

Those who voted in the negative were:

Carruthers  
Greenfield

Jefferson  
Steensma

Vellenga  
Wagenius

Wynia

The bill was passed and its title agreed to.

H. F. No. 1409 was reported to the House.

There being no objection, H. F. No. 1409 was continued on Special Orders for one day.

H. F. No. 1419 was reported to the House.

Orenstein moved to amend H. F. No. 1419, the first engrossment, as follows:

Page 1, line 26, delete "administrative law"

Page 2, line 1, delete "judges" and strike the first comma

Page 2, line 17, strike "authorize" and delete the new language

Page 2, strike line 18

Page 3, line 3, delete the new language and strike "appoint a"

Page 3, line 4, delete "judge" and strike the rest of the line

Renumber the remaining clauses in section 1 accordingly

Page 8, line 9, before "administrative" insert "chief"

Page 9, line 26, delete "commissioner" and insert "administrative law judge"

The motion prevailed and the amendment was adopted.

Orenstein moved to amend H. F. No. 1419, the first engrossment, as amended, as follows:

Page 4, line 12, reinstate the stricken "verified"

Page 4, line 14, delete "writing" and insert "a form provided by the commissioner"

The motion prevailed and the amendment was adopted.

Bishop moved to amend H. F. No. 1419, the first engrossment, as amended, as follows:

Page 8, after line 13, insert:

“Sec. 4. Minnesota Statutes 1986, section 363.061, is amended to read:

**363.061 [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 investigative data to persons other than department employees is governed by this section.

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.~~

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.

Subd. 4. [COMMISSIONER'S DISCRETION.] Notwithstanding the classifications of data established by this section, the commissioner may make human rights investigative data contained in either an open or closed case file accessible to a person, government agency, or the public if access will aid the investigative and enforcement process.

Subd. 5. [CHARGING PARTY ACCESS.] Data, comprised of materials and documentation provided by a charging party that is part of either an open or closed case file, shall be accessible by the charging party in accordance with Minnesota Statutes, section 13.04, subdivision 3."

Renumber the following sections accordingly

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for access to case files;"

Page 1, line 5, before the second "and" insert "363.061;"

Kelly moved to amend the Bishop amendment to H. F. No. 1419, the first engrossment, as amended, as follows:

Page 2, lines 23 to 28, delete subdivision 4 from the bill

Page 2, line 29, delete "5" and insert "4"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Bishop amendment, as amended, to H. F. No. 1419, as amended. The motion prevailed and the amendment, as amended, was adopted.

H. F. No. 1419, A bill for an act relating to human rights; changing certain procedures in cases before the department of human rights; providing for access to case files; amending Minnesota Statutes 1986, sections 363.05, subdivision 1; 363.06, subdivisions 1 and 4; 363.061; and 363.071, subdivisions 1, 1a, and 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lieder	Osthoff	Segal
Anderson, R.	Greenfield	Long	Otis	Shaver
Battaglia	Gruenes	Marsh	Ozment	Simoneau
Bauerly	Gutknecht	McDonald	Pappas	Skoglund
Beard	Hartle	McEachern	Pauly	Solberg
Begich	Haukoos	McKasy	Pelowski	Sparby
Bennett	Heap	McLaughlin	Peterson	Stanius
Bertram	Himle	McPherson	Poppenhagen	Steenasma
Bishop	Hugoson	Milbert	Price	Sviggum
Blatz	Jacobs	Miller	Quinn	Swenson
Boo	Jefferson	Minne	Quist	Thiede
Brown	Jensen	Morrison	Redalen	Tjornhom
Burger	Johnson, A.	Munger	Reding	Tompkins
Carlson, D.	Johnson, R.	Murphy	Rest	Trimble
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Tunheim
Carruthers	Kalis	Nelson, D.	Richter	Uphus
Clark	Kelly	Nelson, K.	Riveness	Valento
Clausnitzer	Kelso	Neuenschwander	Rodosovich	Vanasek
Cooper	Kinkel	O'Connor	Rose	Vellenga
Dauner	Khudt	Ogren	Rukavina	Voss
DeBlicke	Knickerbocker	Olsen, S.	Sarna	Wagenius
Dempsey	Knuth	Olson, E.	Schafer	Waltman
Dille	Kostohryz	Olson, K.	Scheid	Welle
Dorn	Krueger	Omann	Schoenfeld	Wenzel
Forsythe	Larsen	Onnen	Schreiber	Winter
Frederick	Lasley	Orenstein	Seaberg	Wynia
				Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 1421 was reported to the House.

Carruthers moved to amend H. F. No. 1421, the first engrossment, as follows:

Page 9, line 12, after "insureds" insert "or claimants against its insureds"

The motion prevailed and the amendment was adopted.

H. F. No. 1421, A bill for an act relating to insurance; regulating the formation and operation of risk retention groups; prescribing the powers and duties of the commissioner; defining terms; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 60E.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Sparby
Begich	Heap	McKasy	Pelowski	Stanius
Bennett	Himle	McLaughlin	Peterson	Steensma
Bertram	Hugoson	McPherson	Poppenhagen	Sviggum
Bishop	Jacobs	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Thiede
Brown	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Munger	Reding	Trimble
Carlson, L.	Johnson, R.	Murphy	Rest	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Rice	Uphus
Clark	Kahn	Nelson, D.	Richter	Valento
Clausnitzer	Kalis	Nelson, K.	Riveness	Vanasek
Cooper	Kelly	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelso	O'Connor	Rose	Voss
DeBlicek	Kludd	Ogren	Rukavina	Wagenius
Dempsey	Knickerbocker	Olsen, S.	Sarna	Waltman
Dille	Knuth	Olsen, E.	Schafer	Welle
Dorn	Kostohryz	Olson, K.	Scheid	Wenzel
Forsythe	Krueger	Omann	Schoenfeld	Winter
Frederick	Larsen	Onnen	Schreiber	Wynia
Frerichs	Lasley	Orenstein	Seaberg	Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 389, A bill for an act relating to retirement; local police and firefighters relief associations; authorized administrative expenses; amending Minnesota Statutes 1986, section 69.80.

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.	Carlson, L.	Gruenes	Kalis	McKasy
Anderson, R.	Carruthers	Gutknecht	Kelly	McLaughlin
Battaglia	Clark	Hartle	Kelso	Milbert
Bauerly	Clausnitzer	Haukoos	Kinkel	Miller
Beard	Cooper	Heap	Kludd	Minne
Begich	Dauner	Himle	Knickerbocker	Morrison
Bennett	DeBlicek	Hugoson	Knuth	Munger
Bertram	Dempsey	Jacobs	Kostohryz	Murphy
Bishop	Dille	Jefferson	Krueger	Nelson, C.
Blatz	Dorn	Jennings	Larsen	Nelson, K.
Boo	Forsythe	Jensen	Lasley	Neuenschwander
Brown	Frederick	Johnson, A.	Marsh	Ogren
Burger	Frerichs	Johnson, R.	McDonald	Olsen, S.
Carlson, D.	Greenfield	Johnson, V.	McEachern	Olson, E.



Olson, K.	Poppenhagen	Rose	Skoglund	Uphus
Omann	Price	Rukavina	Solberg	Valento
Onnen	Quinn	Sarna	Stanisus	Vanasek
Orenstein	Quist	Schafer	Steensma	Vellenga
Osthoff	Redalen	Scheid	Sviggum	Voss
Otis	Reding	Schoenfeld	Swenson	Wagenius
Ozment	Rest	Schreiber	Thiede	Waltman
Pappas	Rice	Seaberg	Tjornhom	Wenzel
Pauly	Richter	Segal	Tompkins	Winter
Pelowski	Riveness	Shaver	Trimble	Wynia
Peterson	Rodosovich	Simoneau	Tunheim	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1374 was reported to the House.

H. F. No. 1374 was read for the third time.

Seaberg moved that H. F. No. 1374 be re-referred to the Committee on Appropriations.

A roll call was requested and properly seconded.

The question was taken on the Seaberg motion and the roll was called.

Pursuant to rule 2.5, Wagenius requested that she be excused from voting on the Seaberg motion. The request was granted.

There were 49 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Marsh	Poppenhagen	Stanisus
Bennett	Frerichs	McDonald	Quist	Sviggum
Bishop	Hartle	McKasy	Redalen	Swenson
Blatz	Haukoos	McPherson	Richter	Thiede
Boo	Heap	Miller	Rose	Tjornhom
Burger	Himle	Olsen, S.	Schafer	Tompkins
Clausnitzer	Hugoson	Onnen	Schreiber	Uphus
Dempsey	Jennings	Osthoff	Seaberg	Valento
Dille	Johnson, V.	Ozment	Shaver	Waltman
Dorn	Knickerbocker	Pauly	Skoglund	

Those who voted in the negative were:

Battaglia	Forsythe	Kelly	McEachern	O'Connor
Beard	Greenfield	Kelso	McLaughlin	Ogren
Begich	Gruenes	Kinkel	Milbert	Olson, E.
Bertram	Gutknecht	Kludt	Minne	Olson, K.
Brown	Jacobs	Knuth	Morrison	Omann
Carlson, L.	Jefferson	Kostohryz	Munger	Orenstein
Carruthers	Jensen	Krueger	Murphy	Otis
Clark	Johnson, A.	Larsen	Nelson, C.	Pappas
Cooper	Johnson, R.	Lasley	Nelson, D.	Pelowski
Dauner	Kahn	Lieder	Nelson, K.	Peterson
DeBlick	Kalis	Long	Neuenschwander	Price

Quinn	Rodosovich	Simoneau	Tunheim	Wenzel
Reding	Rukavina	Solberg	Vanasek	Winter
Rest	Sarna	Sparby	Vellenga	Wynia
Rice	Schoenfeld	Steenasma	Voss	Spk. Norton
Riveness	Segal	Trimble	Welle	

The motion did not prevail.

H. F. No. 1374, A bill for an act relating to the office of the attorney general; removing the numerical limit on the number of assistant attorneys general; authorizing the attorney general to delegate contract review duties; amending Minnesota Statutes 1986, section 8.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 8.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.5, Wagenius requested that she be excused from voting on H. F. No. 1374. The request was granted.

There were 85 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Larsen	Olson, K.	Segal
Battaglia	Greenfield	Lasley	Orenstein	Simoneau
Bauerly	Hartle	Lieder	Otis	Solberg
Beard	Jacobs	Long	Ozment	Sparby
Begich	Jefferson	McEachern	Pappas	Stanius
Bennett	Jennings	McLaughlin	Pelowski	Steenasma
Bertram	Jensen	Milbert	Peterson	Swenson
Brown	Johnson, A.	Minne	Price	Trimble
Burger	Johnson, R.	Munger	Quinn	Tunheim
Carlson, L.	Kalis	Murphy	Reding	Vanasek
Carruthers	Kelly	Nelson, C.	Rest	Vellenga
Clark	Kelso	Nelson, D.	Rice	Voss
Cooper	Kinkel	Nelson, K.	Riveness	Welle
Dauner	Kludt	Neuenschwander	Rodosovich	Wenzel
DeBlicke	Knuth	O'Connor	Rukavina	Winter
Dille	Kostohryz	Ogren	Sarna	Wynia
Dorn	Krueger	Olson, E.	Schoenfeld	Spk. Norton

Those who voted in the negative were:

Anderson, R.	Haukoos	McPherson	Quist	Skoglund
Bishop	Heap	Miller	Redalen	Sviggum
Blatz	Himle	Morrison	Richter	Thiede
Clausnitzer	Hugoson	Olsen, S.	Rose	Tjornhom
Dempsey	Johnson, V.	Omann	Schafer	Tompkins
Frederick	Knickerbocker	Onnen	Scheid	Uphus
Frerichs	Marsh	Osthoff	Schreiber	Valento
Gruenes	McDonald	Pauly	Seaberg	Waltman
Gutknecht	McKasy	Poppenhagen	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1508 was reported to the House.

Wagenius moved that H. F. No. 1508 be re-referred to the Committee on Appropriations. The motion prevailed.

H. F. No. 1188 was reported to the House.

There being no objection, H. F. No. 1188 was continued on Special Orders for one day.

H. F. No. 1278 was reported to the House.

There being no objection, H. F. No. 1278 was continued on Special Orders for one day.

H. F. No. 1511 was reported to the House.

There being no objection, H. F. No. 1511 was continued on Special Orders for one day.

S. F. No. 420, A bill for an act relating to crimes; metropolitan transit; authorizing peace officers hired by the metropolitan transit commission to make arrests within the metropolitan area; amending Minnesota Statutes 1986, section 629.40, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Frerichs	Johnson, A.	Larsen
Anderson, R.	Carlson, L.	Greenfield	Johnson, R.	Lasley
Battaglia	Carruthers	Gruenes	Johnson, V.	Lieder
Bauerly	Clark	Gutknecht	Kahn	Long
Beard	Clausnitzer	Hartle	Kalis	Marsh
Begich	Cooper	Haukoos	Kelly	McDonald
Bennett	Dauner	Heap	Kelso	McEachern
Bertram	DeBlicck	Himle	Kinkel	McKasy
Bishop	Dempsey	Hugoson	Kludt	McLaughlin
Blatz	Dille	Jacobs	Knickerbocker	McPherson
Boo	Dorn	Jefferson	Knuth	Milbert
Brown	Forsythe	Jennings	Kostohryz	Miller
Burger	Frederick	Jensen	Krueger	Minne

Morrison	Orenstein	Rest	Shaver	Valento
Munger	Osthoff	Rice	Simoneau	Vanasek
Murphy	Otis	Richter	Skoglund	Vellenga
Nelson, C.	Ozment	Riveness	Solberg	Voss
Nelson, D.	Pappas	Rodosovich	Stanius	Wagenius
Nelson, K.	Pauly	Rose	Steensma	Waltman
Neuenschwander	Pelowski	Rukavina	Sviggum	Welle
O'Connor	Peterson	Sarna	Swenson	Wenzel
Ogren	Poppenhagen	Schafer	Thiede	Winter
Olsen, S.	Price	Scheid	Tjornhom	Wynia
Olson, E.	Quinn	Schoenfeld	Tompkins	Spk. Norton
Olson, K.	Quist	Schreiber	Trimble	
Omann	Redalen	Seaberg	Tunheim	
Onnen	Reding	Segal	Uphus	

The bill was passed and its title agreed to.

Speaker pro tempore Long called Anderson, G., to the Chair.

H.F. No. 1043 was reported to the House.

Tjornhom offered an amendment to H. F. No. 1043, the first engrossment.

#### POINT OF ORDER

Carruthers raised a point of order pursuant to rule 3.9 that the Tjornhom amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order well taken and the amendment out of order.

H. F. No. 1043, A bill for an act relating to metropolitan government; providing for qualifications, terms, compensation, and duties of members of various metropolitan agencies; requiring various publications, plans, and reports; regulating routes and service bidding; amending Minnesota Statutes 1986, sections 473.141, subdivision 2, and by adding a subdivision; 473.161, subdivision 1c; 473.1623, subdivisions 2, 4, and 5; 473.303, by adding a subdivision; 473.373, by adding a subdivision; 473.377, subdivision 1, and by adding subdivisions; 473.38, subdivision 2; and 473.604, subdivision 1, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 473.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bauerly	Bennett	Blatz	Carlson, D.
Anderson, R.	Beard	Bertram	Brown	Carlson, L.
Battaglia	Begich	Bishop	Burger	Carruthers

Clark	Johnson, A.	Milbert	Pelowski	Simoneau
Clausnitzer	Johnson, R.	Miller	Peterson	Skoglund
Cooper	Johnson, V.	Minne	Poppenhagen	Solberg
Dauner	Kahn	Morrison	Price	Sparby
DeBlieck	Kalis	Munger	Quinn	Stanius
Dempsey	Kelly	Murphy	Quist	Steensma
Dille	Kelso	Nelson, C.	Redalen	Sviggum
Dorn	Kinkel	Nelson, D.	Reding	Swenson
Forsythe	Kludt	Nelson, K.	Rest	Thiede
Frederick	Knickerbocker	Neuenschwander	Rice	Tjornhom
Frerichs	Knuth	O'Connor	Richter	Tompkins
Greenfield	Kostohryz	Ogren	Riveness	Trimble
Gruenes	Krueger	Olsen, S.	Rodosovich	Uphus
Gutknecht	Larsen	Olson, E.	Rose	Valento
Hartle	Lasley	Olson, K.	Rukavina	Vanasek
Haukoos	Lieder	Omann	Sarna	Vellenga
Heap	Long	Onnen	Schafer	Voss
Himle	Marsh	Orenstein	Scheid	Wagenius
Hugoson	McDonald	Osthoff	Schoenfeld	Waltman
Jacobs	McEachern	Otis	Schreiber	Welle
Jefferson	McKasy	Ozment	Seaberg	Wenzel
Jennings	McLaughlin	Pappas	Segal	Winter
Jensen	McPherson	Pauly	Shaver	Wynia

The bill was passed and its title agreed to.

S. F. No. 345, A bill for an act relating to environment; prohibiting the use of certain pesticides; proposing coding for new law in Minnesota Statutes, chapter 18A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Kludt	O'Connor	Richter
Anderson, R.	Forsythe	Knickerbocker	Ogren	Riveness
Battaglia	Frederick	Knuth	Olsen, S.	Rodosovich
Bauerly	Greenfield	Kostohryz	Olson, E.	Rose
Beard	Gruenes	Larsen	Olson, K.	Rukavina
Begich	Gutknecht	Lasley	Omann	Sarna
Bennett	Hartle	Lieder	Onnen	Schafer
Bertram	Haukoos	Long	Orenstein	Scheid
Bishop	Heap	Marsh	Osthoff	Schoenfeld
Blatz	Himle	McDonald	Otis	Schreiber
Boo	Hugoson	McEachern	Ozment	Segal
Brown	Jacobs	McLaughlin	Pappas	Shaver
Burger	Jefferson	McPherson	Pauly	Simoneau
Carlson, D.	Jennings	Milbert	Pelowski	Skoglund
Carlson, L.	Jensen	Miller	Peterson	Solberg
Carruthers	Johnson, A.	Minne	Poppenhagen	Sparby
Clark	Johnson, R.	Morrison	Price	Stanius
Clausnitzer	Johnson, V.	Munger	Quinn	Steensma
Cooper	Kahn	Murphy	Quist	Sviggum
Dauner	Kalis	Nelson, C.	Redalen	Swenson
DeBlieck	Kelly	Nelson, D.	Reding	Thiede
Dempsey	Kelso	Nelson, K.	Rest	Tjornhom
Dille	Kinkel	Neuenschwander	Rice	Tompkins

Trimble  
Tunheim  
Uphus

Valento  
Vanasek  
Vellenga

Voss  
Wagenius  
Waltman

Welle  
Wenzel  
Winter

Wynia

The bill was passed and its title agreed to.

H. F. No. 1274, A bill for an act relating to crimes; taxes; providing for collection from convicted person's tax refund of court-ordered restitution to crime victims; altering the priority of claims payments; amending Minnesota Statutes 1986, sections 270A.02; 270A.03, subdivisions 2, 5, and by adding a subdivision; 270A.10; and 611A.04, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Otis	Simoneau
Anderson, R.	Gruenes	Lieder	Ozment	Skoglund
Battaglia	Gutknecht	Long	Pappas	Solberg
Bauerly	Hartle	Marsh	Pauly	Sparby
Beard	Haukoos	McDonald	Pelowski	Stanius
Begich	Heap	McEachern	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Sviggun
Bertram	Hugoson	McPherson	Price	Swenson.
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jefferson	Miller	Quist	Tjornhom
Boo	Jennings	Minne	Redalen	Tompkins
Brown	Jensen	Morrison	Reding	Trimble
Burger	Johnson, A.	Munger	Rest	Tunheim
Carlson, D.	Johnson, R.	Murphy	Rice	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Valento
Carruthers	Kahn	Nelson, D.	Riveness	Vanasek
Clark	Kalis	Neuenschwander	Rodosovich	Vellenga
Clausnitzer	Kelly	O'Connor	Rose	Voss
Cooper	Kelso	Ogren	Rukavina	Wagenius
Dauner	Kinkel	Olsen, S.	Sarna	Waltman
DeBlicke	Kludt	Olson, E.	Schafer	Welle
Dempsey	Knickerbocker	Olson, K.	Scheid	Wenzel
Dille	Knuth	Omann	Schoenfeld	Winter
Dorn	Kostohryz	Onnen	Schreiber	Wynia
Forsythe	Krueger	Orenstein	Segal	
Frederick	Larsen	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 384, A bill for an act relating to crimes; providing for prosecution of certain gross misdemeanor violations; increasing the maximum fine for petty misdemeanor violations; creating a gross misdemeanor crime of damage to property; creating the crimes of check forgery and offering a forged check; increasing the maximum bail for certain misdemeanors and gross misdemeanors; prescribing penalties; amending Minnesota Statutes 1986, sections 171.07,

subdivision 1a; 487.25, subdivision 10; 609.02, subdivision 4a; 609.224, subdivision 2; 609.52, subdivisions 1, 2, and 3; 609.595; 609.625; 609.821, subdivisions 1, 2, and 3; 626A.05, subdivision 2; and 629.47; proposing coding for new law in Minnesota Statutes, chapters 609 and 629.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Otis	Shaver
Battaglia	Hartle	Long	Ozment	Simoneau
Bauerly	Haukoos	Marsh	Pappas	Skoglund
Beard	Heap	McDonald	Pauly	Solberg
Begich	Himle	McEachern	Pelowski	Sparby
Bennett	Hugoson	McKasy	Peterson	Stanius
Bertram	Jacobs	McLaughlin	Poppenhagen	Steensma
Bishop	Jaros	McPherson	Price	Sviggum
Blatz	Jefferson	Milbert	Quinn	Swenson
Boo	Jennings	Miller	Quist	Thiede
Brown	Jensen	Minne	Redalen	Tjornhom
Burger	Johnson, A.	Morrison	Reding	Tompkins
Carlson, D.	Johnson, R.	Murphy	Rest	Trimble
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Tunheim
Clark	Kahn	Nelson, D.	Richter	Uphus
Clausnitzer	Kalis	Nelson, K.	Riveness	Valento
Cooper	Kelly	Neuenschwander	Rodosovich	Vanasek
Dauner	Kelso	O'Connor	Rose	Vellenga
DeBlieck	Kinkel	Ogren	Rukavina	Voss
Dempsey	Kludd	Olsen, S.	Sarna	Wagenius
Dille	Knickerbocker	Olson, E.	Schafer	Waltman
Dorn	Knuth	Olson, K.	Scheid	Welle
Forsythe	Kostohryz	Omann	Schoenfeld	Wenzel
Frederick	Krueger	Onnen	Schreiber	Winter
Greenfield	Larsen	Orenstein	Seaberg	Wynia
Gruenes	Lasley	Osthoff	Segal	

The bill was passed and its title agreed to.

H. F. No. 574, A bill for an act relating to manufactured homes; defining terms; clarifying the termination of a park lease for substantial annoyance to other residents; allowing certain new or amended rule violations to be cured; regulating park closings; requiring an impact report; providing for a public hearing; creating a right of first refusal; clarifying remedies; amending Minnesota Statutes 1986, sections 327C.01, by adding subdivisions; 327C.02, subdivision 5, and by adding a subdivision; 327C.09, subdivisions 1, 4, and 5; and 327C.11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 327C; repealing Minnesota Statutes 1986, section 327C.09, subdivision 9.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Segal
Battaglia	Gutknecht	Long	Otis	Shaver
Bauerly	Hartle	Marsh	Ozment	Simoneau
Beard	Haukoos	McDonald	Pappas	Skoglund
Begich	Heap	McEachern	Pauly	Solberg
Bennett	Himle	McKasy	Pelowski	Stanius
Bertram	Hugoson	McLaughlin	Peterson	Steensma
Bishop	Jacobs	McPherson	Poppenhagen	Sviggum
Blatz	Jefferson	Milbert	Price	Swenson
Boo	Jennings	Miller	Quinn	Thiede
Brown	Jensen	Minne	Quist	Tjornhom
Burger	Johnson, A.	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, R.	Munger	Reding	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rest	Uphus
Carruthers	Kahn	Nelson, C.	Rice	Valento
Clark	Kalis	Nelson, D.	Richter	Vanasek
Clausnitzer	Kelly	Nelson, K.	Riveness	Vellenga
Cooper	Kelso	Neuenschwander	Rodosovich	Voss
Dauner	Kinkel	O'Connor	Rose	Wagenius
DeBlieck	Klutt	Ogren	Rukavina	Waltman
Dempsey	Knickerbocker	Olsen, S.	Sarna	Welle
Dille	Knuth	Olson, E.	Schafer	Wenzel
Dorn	Kostohryz	Olson, K.	Scheid	Winter
Forsythe	Krueger	Omann	Schoenfeld	Wynia
Frederick	Larsen	Onnen	Schreiber	Spk. Norton
Greenfield	Lasley	Orenstein	Seaberg	

Those who voted in the negative were:

Sparby

The bill was passed and its title agreed to.

H. F. No. 647, A bill for an act relating to human services; providing for the establishment of a mental illness information management system; proposing coding for new law in Minnesota Statutes, chapter 245.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carruthers	Dorn	Haukoos
Anderson, R.	Bishop	Clark	Forsythe	Heap
Battaglia	Blatz	Clausnitzer	Frederick	Himle
Bauerly	Boo	Cooper	Greenfield	Hugoson
Beard	Brown	DeBlieck	Gruenes	Jacobs
Begich	Carlson, D.	Dempsey	Gutknecht	Jaros
Bennett	Carlson, L.	Dille	Hartle	Jefferson



Jennings	McDonald	Omann	Rodosovich	Tjornhoim
Jensen	McEachern	Onnen	Rose	Tompkins
Johnson, A.	McKasy	Orenstein	Rukavina	Trimble
Johnson, R.	McLaughlin	Osthoff	Sarna	Tunheim
Johnson, V.	McPherson	Otis	Schafer	Uphus
Kahn	Milbert	Ozment	Scheid	Valento
Kalis	Miller	Pappas	Schoenfeld	Vanasek
Kelly	Minne	Pauly	Schreiber	Vellenga
Kelso	Morrison	Pelowski	Seaberg	Voss
Kinkel	Munger	Peterson	Segal	Wagenius
Kludt	Murphy	Poppenhagen	Shaver	Waltman
Knickerbocker	Nelson, C.	Price	Simoneau	Welle
Knuth	Nelson, D.	Quinn	Skoglund	Wenzel
Kostohryz	Nelson, K.	Quist	Solberg	Winter
Krueger	Neuenschwander	Redalen	Sparby	Wynia
Larsen	O'Connor	Reding	Stanius	Spk. Norton
Lasley	Ogren	Rest	Steensma	
Lieder	Olsen, S.	Rice	Sviggum	
Long	Olson, E.	Richter	Swenson	
Marsh	Olson, K.	Riveness	Thiede	

The bill was passed and its title agreed to.

H. F. No. 1304 was reported to the House.

Milbert moved to amend H. F. No. 1304, the first engrossment, as follows:

Page 1, line 10, after "approval" insert "at the time of a reduction or restriction"

The motion prevailed and the amendment was adopted.

Krueger moved to amend H. F. No. 1304, the first engrossment, as amended, as follows:

Page 1, line 25, delete "the day following final enactment" and insert "March 30, 1987, and applies to cancellations begun as of that date"

Page 1, after line 25, insert:

"Sec. 3. [SEVERABILITY.]

If section 2 is determined by a final, nonappealable order of any Minnesota or federal court of competent jurisdiction to be invalid or unconstitutional, section 1 is effective the day following final enactment."

The motion prevailed and the amendment was adopted.

H. F. No. 1304, A bill for an act relating to insurance; regulating cancellations of insurance agency contracts; 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. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Osthoff	Segal
Anderson, R.	Greenfield	Lasley	Otis	Shaver
Battaglia	Gruenes	Lieder	Ozment	Simoneau
Bauerly	Gutknecht	Long	Pappas	Skoglund
Beard	Hartle	Marsh	Pauly	Solberg
Begich	Haukoos	McDonald	Pelowski	Sparby
Bennett	Heap	McEachern	Peterson	Stanius
Bertram	Himle	McKasy	Poppenhagen	Steensma
Bishop	Hugoson	McLaughlin	Price	Sviggum
Blatz	Jacobs	McPherson	Quinn	Swenson
Boo	Jaros	Milbert	Quist	Thiede
Brown	Jefferson	Miller	Redalen	Tjornhom
Burger	Jennings	Minne	Reding	Tompkins
Carlson, D.	Jensen	Morrison	Rest	Trimble
Carlson, L.	Johnson, A.	Munger	Rice	Tunheim
Carruthers	Johnson, R.	Murphy	Richter	Uphus
Clark	Johnson, V.	Nelson, C.	Riveness	Valento
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vanasek
Cooper	Kelly	Neuenschwander	Rose	Vellenga
Dauner	Kelso	O'Connor	Rukavina	Voss
DeBlicck	Kinkel	Ogren	Sarna	Wagenius
Dempsey	Kludt	Olsen, S.	Schafer	Waltman
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Spk. Norton
Frederick	Krueger	Orenstein	Seaberg	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1328 was reported to the House.

Sviggum moved to amend H. F. No. 1328, the first engrossment, as follows:

Page 2, line 10, strike everything after the period

Page 2, strike lines 11 and 12

Page 2, lines 13 and 14, delete the new language

Page 2, line 15, delete the new language and strike existing language

Page 2, line 16, delete the new language

Page 2, after line 19, insert:

"Sec. 2. Minnesota Statutes 1986, section 256.737, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL PROGRAMS.] In addition to the pilot programs established in subdivision 1, the commissioner may approve the application of up to eight additional counties to enter into a shall establish additional community work experience program programs at the request of counties that desire to operate a program. The programs under this subdivision are governed by subdivision 1 except as in paragraphs (a) and (b).

(a) As a condition to placing a person receiving aid to families with dependent children in a program under this subdivision, the county shall first provide the recipient the opportunity to participate in the following services:

(1) placement in suitable subsidized or unsubsidized employment; or

(2) basic educational or vocational or occupational training for an identifiable job opportunity.

(b) If the recipient refuses suitable employment and a training program, the county may require the recipient to participate in a community work experience program as a condition of eligibility."

Renumber remaining section

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called. There were 57 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	McDonald	Quist	Sviggum
Bennett	Gutknecht	McKasy	Redalen	Swenson
Blatz	Hartle	McPherson	Richter	Thiede
Boo	Haukoos	Miller	Rose	Tjornhom
Burger	Heap	Morrison	Schafer	Tompkins
Carlson, D.	Himle	Olsen, S.	Scheid	Uphus
Clausnitzer	Hugoson	Omman	Schoenfeld	Valento
Dempsey	Johnson, R.	Onnen	Schreiber	Waltman
Dille	Johnson, V.	Osthoff	Seaberg	Wenzel
Forsythe	Kinkel	Ozment	Shaver	
Frederick	Krueger	Pauly	Stanius	
Frerichs	Marsh	Poppenhagen	Steensma	

Those who voted in the negative were:

Anderson, G.	Jefferson	McEachern	Otis	Skoglund
Battaglia	Jennings	McLaughlin	Pappas	Solberg
Bauerly	Jensen	Milbert	Pelowski	Sparby
Beard	Johnson, A.	Minne	Peterson	Trimble
Begich	Kahn	Munger	Price	Tunheim
Bertram	Kalis	Murphy	Quinn	Vanasek
Carlson, L.	Kelly	Nelson, C.	Reding	Vellenga
Carruthers	Kelso	Nelson, D.	Rest	Voss
Clark	Kludt	Nelson, K.	Rice	Wagenius
Cooper	Knuth	Neuenschwander	Riveness	Welle
Dauner	Kostohryz	O'Connor	Rodosovich	Wynia
DeBlieck	Larsen	Ogren	Rukavina	Spk. Norton
Greenfield	Lasley	Olson, E.	Sarna	
Jacobs	Lieder	Olson, K.	Segal	
Jaros	Long	Orenstein	Simoneau	

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

H. F. No. 1328, A bill for an act relating to human services; extending the deadline for community work experience program pilot projects; amending Minnesota Statutes 1986, section 256.737, 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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Shaver
Anderson, R.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Beard	Haukoos	McDonald	Pauly	Sparby
Begich	Heap	McEachern	Pelowski	Stanius
Bennett	Himle	McKasy	Peterson	Steensma
Bertram	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bishop	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quinn	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Rukavina	Wagenius
DeBlieck	Kinkel	Ogren	Sarna	Waltman
Dempsey	Kludt	Olsen, S.	Schafer	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 1475, A bill for an act relating to state government; civil service; providing opportunities for persons with disabilities; amending Minnesota Statutes 1986, section 43A.10, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 43A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Osthoff	Segal
Anderson, R.	Gutknecht	Lieder	Otis	Shaver
Battaglia	Hartle	Long	Ozment	Simoneau
Bauerly	Haukoos	Marsh	Pappas	Skoglund
Beard	Heap	McDonald	Pauly	Solberg
Begich	Himle	McKasy	Pelowski	Sparby
Bennett	Hugoson	McLaughlin	Peterson	Stanius
Bertram	Jacobs	McPherson	Poppenhagen	Steensma
Boo	Jaros	Milbert	Price	Sviggum
Brown	Jefferson	Miller	Quinn	Swenson
Burger	Jennings	Minne	Quist	Thiede
Carlson, D.	Jensen	Morrison	Redalen	Tjornhom
Carlson, L.	Johnson, A.	Munger	Reding	Tompkins
Carruthers	Johnson, R.	Murphy	Rest	Trimble
Clark	Johnson, V.	Nelson, C.	Rice	Tunheim
Clausnitzer	Kahn	Nelson, D.	Richter	Uphus
Cooper	Kalis	Nelson, K.	Riveness	Valento
Dauner	Kelly	Neuenschwander	Rodosovich	Vanasek
DeBlieck	Kelso	O'Connor	Rose	Vellenga
Dempsey	Kinkel	Ogren	Rukavina	Voss
Dille	Kludt	Olsen, S.	Sarna	Wagenius
Dorn	Knickerbocker	Olson, E.	Schafer	Waltman
Forsythe	Knuth	Olson, K.	Scheid	Welle
Frederick	Kostohryz	Omann	Schoenfeld	Wenzel
Frerichs	Krueger	Onnen	Schreiber	Wynia
Greenfield	Larsen	Orenstein	Seaberg	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1563, A bill for an act relating to public safety; providing that local governing body may appoint local board of appeal for order issued under the state fire code; providing for notice; providing for smoke detector maintenance; providing penalties; amending Minnesota Statutes 1986, sections 299F.011, subdivision 6, and by adding subdivisions; and 299F.362, subdivisions 5, 6, and by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Simoneau
Anderson, R.	Hartle	Marsh	Pappas	Skoglund
Battaglia	Haukoos	McDonald	Pauly	Solberg
Bauerly	Heap	McEachern	Pelowski	Sparby
Beard	Himle	McKasy	Peterson	Stanius
Begich	Hugoson	McLaughlin	Poppenhagen	Steensma
Bennett	Jaros	McPherson	Price	Sviggum
Bertram	Jefferson	Milbert	Quinn	Swenson
Blatz	Jennings	Miller	Quist	Tjornhom
Brown	Jensen	Minne	Redalen	Tompkins
Burger	Johnson, A.	Morrison	Reding	Trimble
Carlson, D.	Johnson, R.	Munger	Rest	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rice	Uphus
Carruthers	Kahn	Nelson, C.	Richter	Valento
Clark	Kalis	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelso	Neuenschwander	Rose	Voss
Dauner	Kinkel	O'Connor	Rukavina	Waltman
DeBlieck	Kludt	Ogren	Sarna	Welle
Dempsey	Knickerbocker	Olsen, S.	Schafer	Wenzel
Dille	Knuth	Olsen, E.	Scheid	Winter
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Wynia
Frederick	Krueger	Omann	Schreiber	Spk. Norton
Frerichs	Larsen	Orenstein	Seaberg	
Greenfield	Lasley	Osthoff	Segal	
Gruenes	Lieder	Otis	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1482 was reported to the House.

There being no objection, H. F. No. 1482 was continued on Special Orders for one day.

H. F. No. 894, A bill for an act relating to human services; creating a new chapter establishing a single, unitary process for the determination of residence and financial responsibility for all human service programs; amending Minnesota Statutes 1986, section 253B.23, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 256G; repealing Minnesota Statutes 1986, sections 256.73, subdivision 4; 256.76, subdivision 2; 256.79; 256B.02, subdivisions 1, 2, and 3; 256D.18; 256D.37, subdivision 3; and 256E.08, subdivision 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Beard	Bennett	Blatz
Anderson, R.	Bauerly	Begich	Bertram	Boo

Brown	Jaros	McLaughlin	Peterson	Sparby
Burger	Jefferson	McPherson	Poppenhagen	Stanius
Carlson, D.	Jennings	Milbert	Price	Steenasma
Carlson, L.	Jensen	Miller	Quinn	Sviggun
Carruthers	Johnson, A.	Minne	Quist	Swenson
Clark	Johnson, R.	Morrison	Redalen	Thiede
Clausnitzer	Johnson, V.	Munger	Reding	Tjornhom
Cooper	Kahn	Murphy	Rest	Tompkins
Dauner	Kalis	Nelson, C.	Rice	Tunheim
DeBlieck	Kelly	Nelson, D.	Richter	Uphus
Dempsey	Kelso	Nelson, K.	Riveness	Valento
Dille	Kinkel	Neuenschwander	Rodosovich	Vanasek
Dorn	Kludt	O'Connor	Rose	Vellenga
Forsythe	Knickerbocker	Ogren	Rukavina	Voss
Frederick	Knuth	Olsen, S.	Sarna	Wagenius
Frerichs	Kostohryz	Olson, E.	Schafer	Waltman
Greenfield	Krueger	Olson, K.	Scheid	Welle
Gruenes	Larsen	Omam	Schoenfeld	Wenzel
Gutknecht	Lasley	Orenstein	Schreiber	Winter
Hartle	Lieder	Osthoff	Seaberg	Wynia
Haukoos	Long	Otis	Segal	Spk. Norton
Heap	Marsh	Ozment	Shaver	
Himle	McDonald	Pappas	Simoneau	
Hugoson	McEachern	Pauly	Skoglund	
Jacobs	McKasy	Pelowski	Solberg	

The bill was passed and its title agreed to.

S. F. No. 922, A bill for an act relating to horse racing; regulating license suspensions and revocations of class C licenses; modifying the time periods and dollar limitations used to trigger contested case hearings; requiring rules that prohibit horses from carrying foreign substances when they race; requiring medical testing fee rules; making permanent the statutory provisions authorizing the use of certain medications; amending Minnesota Statutes 1986, sections 240.08, subdivision 5; 240.16, subdivision 1; 240.22; 240.24, subdivisions 1 and 3; and Laws 1985, chapter 211, section 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 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carruthers	Haukoos	Kelly	McEachern
Anderson, R.	Clausnitzer	Heap	Kelso	McKasy
Battaglia	Cooper	Himle	Kinkel	McLaughlin
Bauerly	Dauner	Hugoson	Kludt	McPherson
Beard	DeBlieck	Jacobs	Knickerbocker	Milbert
Begich	Dempsey	Jaros	Knuth	Miller
Bennett	Dille	Jefferson	Kostohryz	Minne
Bertram	Dorn	Jennings	Krueger	Morrison
Blatz	Forsythe	Jensen	Larsen	Munger
Boo	Frederick	Johnson, A.	Lasley	Murphy
Brown	Frerichs	Johnson, R.	Lieder	Nelson, C.
Burger	Gruenes	Johnson, V.	Long	Nelson, D.
Carlson, D.	Gutknecht	Kahn	Marsh	Nelson, K.
Carlson, L.	Hartle	Kalis	McDonald	Neuenschwander

O'Connor	Pauly	Rose	Sparby	Voss
Ogren	Pelowski	Rukavina	Stanius	Wagenius
Olsen, S.	Peterson	Sarna	Steensma	Waltman
Olson, E.	Poppenhagen	Schafer	Sviggum	Welle
Olson, K.	Price	Scheid	Swenson	Wenzel
Omann	Quinn	Schoenfeld	Tjornhom	Winter
Onnen	Redalen	Schreiber	Tompkins	Wynia
Orenstein	Reding	Seaberg	Trimble	Spk. Norton
Osthoff	Rest	Segal	Tunheim	
Otis	Richter	Shaver	Uphus	
Ozment	Riveness	Simoneau	Valento	
Pappas	Rodosovich	Solberg	Vanasek	

Those who voted in the negative were:

Clark                      Greenfield                      Quist                      Thiede

The bill was passed and its title agreed to.

S. F. No. 593 was reported to the House.

Greenfield moved that S. F. No. 593 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1417, A bill for an act relating to human services; providing for hospice care payments under medical assistance; amending Minnesota Statutes 1986, section 256B.02, 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dille	Kahn	Miller	Pelowski
Anderson, R.	Dorn	Kalis	Minne	Peterson
Battaglia	Forsythe	Kelly	Morrison	Poppenhagen
Bauerly	Frederick	Kelso	Munger	Price
Beard	Frerichs	Kinkel	Murphy	Quinn
Begich	Greenfield	Kludt	Nelson, C.	Quist
Bennett	Gruenes	Knickerbocker	Nelson, D.	Redalen
Bertram	Gutknecht	Knuth	Nelson, K.	Reding
Bishop	Hartle	Kostohryz	Neuenschwander	Rest
Blatz	Haukoos	Krueger	Ogren	Rice
Brown	Heap	Larsen	Olson, S.	Richter
Burger	Himle	Lasley	Olson, E.	Riveness
Carlson, D.	Hugoson	Lieder	Olson, K.	Rodosovich
Carlson, L.	Jacobs	Long	Omann	Rose
Carruthers	Jaros	Marsh	Onnen	Rukavina
Clark	Jefferson	McDonald	Orenstein	Schafer
Clausnitzer	Jennings	McEachern	Osthoff	Scheid
Cooper	Jensen	McKasy	Otis	Schoenfeld
Dauner	Johnson, A.	McLaughlin	Ozment	Schreiber
DeBlick	Johnson, R.	McPherson	Pappas	Seaberg
Dempsey	Johnson, V.	Milbert	Pauly	Segal



Shaver	Steensma	Tompkins	Vanasek	Welle
Simoneau	Sviggum	Trimble	Vellenga	Wenzel
Skoglund	Swenson	Tunheim	Voss	Winter
Sparby	Thiede	Uphus	Wagenius	Wynia
Stanius	Tjornhom	Valento	Waltman	Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 557 was reported to the House.

Kostohryz moved to amend S. F. No. 557, the unofficial engrossment, as follows:

Page 3, delete lines 34 to 36 and insert:

“Personnel matters relating to Ramsey county employees shall continue to be governed by Minnesota Statutes, sections 383A.281 to 383A.301 and Minnesota Statutes, sections 197.455 to 197.48. A charter proposed for adoption under this act shall not apply to personnel matters.”

Page 4, delete line 1

The motion prevailed and the amendment was adopted.

S. F. No. 557, as amended, was read for the third time.

Kelly moved that S. F. No. 557, as amended, be re-referred to the Committee on Taxes. The motion did not prevail.

#### MOTION FOR RECONSIDERATION

Kelly moved that the action whereby S. F. No. 557, as amended, was given its third reading be now reconsidered. The motion prevailed.

S. F. No. 557, as amended, was again reported to the House.

Kelly moved to amend S. F. No. 557, the unofficial engrossment, as amended, as follows:

Page 2, line 10, delete “, except legislative”

The motion prevailed and the amendment was adopted.

Kelly moved to amend S. F. No. 557, the unofficial engrossment, as amended, as follows:

Page 2, line 36, delete "A"

Page 3, delete lines 1, 2 and 3

The motion prevailed and the amendment was adopted.

Kelly moved to amend S. F. No. 557, the unofficial engrossment, as amended, as follows:

Page 3, line 16, after "agency." insert "The charter commission is required to hold at least one public hearing in each of the county commissioner districts."

The motion prevailed and the amendment was adopted.

Kostohryz moved that S. F. No. 557, as amended, be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1078, A bill for an act relating to natural resources; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owner's report; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design elevation is different than original construction elevation; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; providing penalties; amending Minnesota Statutes 1986, sections 105.40, subdivision 11; 106A.005, subdivisions 2, 3, 4, 9, 10, 11, 12, 13, 14, 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.021, by adding subdivisions; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivision 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295; 106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, 6, and by adding subdivisions; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2, 6, and by adding

subdivisions; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding a subdivision; 106A.705; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60, subdivision 1; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1986, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; and 111.01 to 111.421.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Orenstein	Seaberg
Anderson, R.	Gruenes	Lieder	Osthoff	Segal
Battaglia	Gutknecht	Long	Otis	Shaver
Bauerly	Hartle	Marsh	Ozment	Simoneau
Beard	Haukoos	McDonald	Pappas	Skoglund
Begich	Heap	McEachern	Pauly	Solberg
Bennett	Himle	McKasy	Pelowski	Sparby
Bertram	Hugoson	McLaughlin	Peterson	Stanius
Bishop	Jacobs	McPherson	Poppenhagen	Steensma
Blatz	Jefferson	Milbert	Price	Sviggum
Boo	Jennings	Miller	Quinn	Swenson
Brown	Jensen	Minne	Quist	Thiede
Burger	Johnson, A.	Morrison	Redalen	Tjornhom
Carlson, D.	Johnson, R.	Munger	Reding	Tompkins
Carlson, L.	Johnson, V.	Murphy	Rest	Trimble
Carruthers	Kahn	Nelson, C.	Rice	Uphus
Clark	Kalis	Nelson, D.	Richter	Valento
Clausnitzer	Kelly	Nelson, K.	Riveness	Vanasek
Cooper	Kelso	Neuenschwander	Rodosovich	Vellenga
Dauner	Kinkel	O'Connor	Rose	Voss
DeBleck	Kludt	Ogren	Rukavina	Wagenius
Dempsey	Knickerbocker	Olsen, S.	Sarna	Waltman
Dille	Knuth	Olson, E.	Schafer	Welle
Dorn	Kostohryz	Olson, K.	Scheid	Wenzel
Forsythe	Krueger	Omann	Schoenfeld	Winter
Frederick	Larsen	Onnen	Schreiber	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1399 was reported to the House.

Otis moved that H. F. No. 1399 be continued on Special Orders for one day. The motion prevailed.

Vanasek 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 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. 529, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the methods of administering, collecting, and enforcing taxes; changing the computation, administration, and payment of aids, credits, and refunds; imposing taxes; limiting taxing powers; transferring governmental powers and duties; allocating bonding authority; making entitlement allocations to the cities of Minneapolis and St. Paul; making technical corrections and clarifications; imposing and increasing fees, interest, and penalties; appropriating money; amending Minnesota Statutes 1986, sections 16A.15, subdivisions 1 and 6; 16A.1541; 16A.26; 16A.275; 60A.13, subdivision 1a; 60A.15, subdivision 1; 60A.199, subdivisions 1, 2, 3, 5, 7, 8, 9, 10, and 11; 60A.209, subdivisions 1 and 3; 60A.24; 60C.06, by adding a subdivision; 64B.39, subdivision 4; 67A.11, subdivision 3; 69.011, subdivisions 1 and 2; 69.021, subdivisions 1, 2, and 3; 69.54; 69.55; 79.34, subdivision 1, and by adding a subdivision; 88.49, by adding a subdivision; 121.904, subdivisions 11a and 11b; 124.195, subdivision 2; 124.2131, subdivisions 1, 2, 3, 5, 6, 7, 8, and 11; 124.38, subdivision 8; 124A.02, subdivisions 3a and 8; 124A.035, subdivision 5; 124A.08, subdivision 5; 134.33, subdivision 1; 134.34, subdivisions 1 and 2; 176.129, by adding a subdivision; 176A.08; 239.10; 270.066; 270.074, subdivision 3; 270.075, subdivision 1; 270.10, subdivisions 1 and 4; 270.11, subdivisions 1 and 2; 270.12, subdivisions 2 and 3; 270.13; 270.72, subdivisions 1 and 2; 270.77; 270.80, subdivision 2; 270.87; 270A.07, subdivision 1; 271.21, subdivision 2;

272.01, subdivisions 2 and 3; 272.02, subdivision 1, and by adding a subdivision; 272.115, subdivision 2; 273.061, subdivisions 1 and 8; 273.065; 273.11, by adding a subdivision; 273.1102; 273.1103; 273.12; 273.13, subdivision 22; 273.1312, subdivision 4; 273.1313, subdivisions 1, 2, and by adding a subdivision; 273.1314, subdivisions 8, 9, 10, and by adding a subdivision; 273.1392; 273.1393; 273.19, subdivisions 1, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 274.14; 274.16; 275.07, subdivision 1; 275.125, subdivisions 9, 9b, and 15; 275.51, subdivision 3h; 276.04; 276.11; 277.01; 278.05, subdivision 4; 279.01, subdivision 1; 282.014; 282.02; 282.33, subdivision 1; 287.05, subdivision 1; 287.09; 287.12; 287.21, subdivision 1; 287.22; 287.25; 287.29, subdivision 1; 290.01, subdivisions 4, 5, 7, 19, 20, 22, and by adding subdivisions; 290.02; 290.03; 290.032, subdivisions 1 and 2; 290.05, subdivisions 1, 2, and 3; 290.06, subdivisions 1, 2c, 2d, and by adding a subdivision; 290.068, subdivisions 1, 2, 3, 4, and 5; 290.069, subdivisions 2a and 4b; 290.077, subdivision 1; 290.081; 290.091, subdivisions 1, 2, and 3; 290.095, subdivisions 1, 2, 3, 4, 7, 9, and 11; 290.12, subdivision 2; 290.131, subdivision 1; 290.132, subdivision 1; 290.133, subdivision 1; 290.134, subdivision 1; 290.135, subdivision 1; 290.136, subdivision 1; 290.138, subdivision 3; 290.14; 290.17; 290.171; 290.20, subdivision 1, and by adding a subdivision; 290.21, subdivisions 3 and 4; 290.23, subdivisions 3 and 5; 290.31, subdivisions 2, 3, 5, and by adding a subdivision; 290.34, subdivision 2; 290.35; 290.36; 290.37, subdivisions 1 and 3; 290.38; 290.39, subdivision 3; 290.41, subdivisions 2 and 3; 290.42; 290.45, subdivisions 1 and 2; 290.46; 290.48, subdivision 10; 290.491; 290.50, subdivision 1; 290.53, subdivisions 1, 2, 3a, 4, and by adding subdivisions; 290.56, subdivisions 2, 3, and 4; 290.92, subdivisions 2a, 4a, 5, 5a, 6, 7, 9, 11, 12, 13, 14, 15, 18, 24, and 25; 290.93, subdivision 10; 290.934, subdivision 2; 290.9725; 290.9726, subdivisions 1, 2, and 4; 290.974; 290A.03, subdivisions 3, 8, and by adding a subdivision; 290A.04, subdivision 2; 290A.06; 290A.011, subdivision 2; 290A.18; 290A.19; 291.131, subdivisions 1, 2, 4, and by adding a subdivision; 295.01, subdivision 10; 295.32; 295.34, subdivision 1; 295.39; 295.40; 295.41; 295.43; 296.02, subdivision 2, and by adding a subdivision; 296.025, subdivision 2, and by adding a subdivision; 296.17, subdivisions 3, 7, and 11; 296.18, subdivision 7; 297.01, subdivisions 2, 4, 7, and 10; 297.02, subdivisions 1 and 6; 297.03, subdivisions 1, 5, and 6; 297.04, subdivisions 4, 6, and 9; 297.07, subdivisions 1, 3, 4, and 5; 297.11, subdivisions 3 and 5; 297.23, subdivision 1; 297.31, subdivisions 2, 3, and 7; 297.32, subdivisions 1, 2, and 8; 297.33, subdivisions 4 and 5; 297.35, subdivisions 1, 3, 5, and 8; 297.36; 297A.01, subdivisions 3, 4, 8, and 15; 297A.14; 297A.151; 297A.18; 297A.211, subdivision 2; 297A.25, subdivisions 7, 11, 12, and by adding subdivisions; 297A.256; 297A.26, subdivision 1; 297A.27, subdivision 1; 297A.275; 297A.39, subdivisions 1, 2, 4, and by adding a subdivision; 297A.43; 297B.01, subdivision 8; 297B.10; 297C.03, subdivision 1, and by adding a subdivision; 297C.04; 297C.05, subdivision 2; 297C.06; 297C.09; 297D.02; 297D.07; 297D.09; 297D.10; 297D.12, subdivision 1; 297D.13; 298.01, subdivision 1, and by adding subdivisions; 298.026;

298.027; 298.028, subdivision 1; 298.03, subdivision 1; 298.031, subdivision 2; 298.08; 298.09, subdivision 1; 298.25; 298.28, subdivision 4; 299F.21, subdivisions 1, 2, and by adding subdivisions; 325D.30; 325D.32, subdivisions 4, 10, 11, and 12; 325D.33, subdivisions 1, 2, and by adding subdivisions; 325D.38, subdivision 1; 325D.40, subdivision 1; 349.12, subdivisions 11 and 13; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4, 6, 7, and by adding subdivisions; 360.531, subdivision 2; 462C.11, subdivisions 2 and 3; 473.556, subdivision 4; 473F.02, subdivision 12; 474A.02, subdivisions 1, 2, 3, 6, 7, 8, 12, 14, 16, 18, 19, 21, 26, and by adding subdivisions; 474A.03, subdivision 1, and by adding a subdivision; 474A.04, subdivisions 5, 6, and by adding a subdivision; 474A.13, subdivisions 1, 4, and 5; 474A.14; 474A.15; 474A.16; 474A.17; 474A.18; 474A.20; 474A.21; 475.53, subdivision 4; 477A.012, subdivision 1; 477A.013; 477A.018, subdivisions 1, 2, 3, 6, and by adding a subdivision; Laws 1985, First Special Session chapter 14, article 3, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 239; 270; 272; 273; 276; 290; 290A; 294; 297; 297A; 297C; 298; 349; 429; and 474A; repealing Minnesota Statutes 1986, sections 60A.15, subdivision 2; 61A.49; 62E.13, subdivision 9; 64B.24; 69.021, subdivision 3a; 124.38, subdivision 10; 270.75, subdivision 8; 270.89; 282.021; 290.01, subdivisions 20a, 20b, 20d, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.068, subdivision 6; 290.069, subdivisions 1, 2, 3, 5, 6, and 7; 290.07, subdivision 5; 290.071; 290.073; 290.075; 290.077, subdivision 3; 290.079; 290.08; 290.082; 290.085; 290.088; 290.089; 290.09; 290.095, subdivisions 8 and 10; 290.12, subdivision 4; 290.13; 290.139; 290.15; 290.16; 290.165; 290.175; 290.18; 290.19; 290.21, subdivisions 5, 6, and 8; 290.26, subdivision 2; 290.361; 290.9726, subdivisions 3, 5, and 6; 290A.04, subdivisions 2e and 2g; 294.21; 294.22; 294.23; 294.24; 294.25; 294.26; 295.32; 295.33; 295.34; 295.36; 295.365; 295.366; 296.04, subdivisions 1, 2, 3, and 4; 296.05; 296.07; 296.13; 296.17, subdivision 12; 296.18, subdivisions 4, 5, 6, and 7; 296.22; 296.28; 297.07, subdivision 6; 297.23, subdivision 5; 297.35, subdivisions 4, 6, and 7; 297A.25, subdivisions 13 and 19; 297A.26, subdivision 3; 297C.03, subdivisions 2 and 3; 297C.05, subdivision 4; 298.01, subdivision 1; 298.02; 298.026; 298.027; 298.028; 298.03; 298.031; 298.04; 298.28, subdivision 14; 298.40; 298.51; 298.52; 298.53; 298.54; 298.55; 298.61; 298.62; 298.63; 298.64; 298.65; 298.66; 298.67; 299.01; 299.012; 299.013; 299.02; 299.03; 299.04; 299.05; 299.06; 299.07; 299.08; 299.09; 299.10; 299.11; 299.12; 299.13; 299.14; 325D.41; 360.654; 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19; Laws 1981, chapters 222, section 6; 223, section 6, subdivision 3; Laws 1985, First Special Session chapter 14, article 14, section 3; Laws 1986, First Special Session chapter 1, article 5, section 8.

Voss moved that the House refuse to concur in the Senate amendments to H. F. No. 529, 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. 200:

Vellenga, Blatz and Carruthers.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 529:

Voss, Long, Minne, Norton and Vanasek.

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Monday, May 4, 1987:

H. F. Nos. 285 and 1366; S. F. No. 480; H. F. Nos. 196, 967 and 1200; S. F. Nos. 79 and 737; H. F. No. 1115; S. F. No. 605; H. F. Nos. 1420 and 533.

#### SPECIAL ORDERS

H. F. No. 285, A bill for an act relating to liquor laws; eliminating vicarious criminal liability for the employer of an individual who violates a liquor law; reenacting certain amendments to the dram shop act; providing for liability of professional review organizations; amending Minnesota Statutes 1986, sections 145.63; 340A.501; and 340A.801, subdivision 1; repealing Minnesota Statutes 1986, section 340A.801, 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 132 yeas and 0 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Otis	Skoglund
Anderson, R.	Gruenes	Lieder	Ozment	Solberg
Battaglia	Gutknecht	Long	Pappas	Sparby
Bauerly	Hartle	Marsh	Pauly	Stanius
Beard	Haukoos	McDonald	Pelowski	Steensma
Begich	Heap	McEachern	Peterson	Sviggum
Bennett	Himle	McKasy	Poppenhagen	Swenson
Bertram	Hugoson	McPherson	Price	Thiede
Bishop	Jacobs	Milbert	Quinn	Tjornhom
Blatz	Jaros	Miller	Quist	Tompkins
Boo	Jefferson	Minne	Redalen	Trimble
Brown	Jennings	Morrison	Reding	Tunheim
Burger	Jensen	Munger	Rest	Uphus
Carlson, D.	Johnson, A.	Murphy	Rice	Valento
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Vanasek
Carruthers	Johnson, V.	Nelson, D.	Rodosovich	Vellenga
Clark	Kahn	Nelson, K.	Rose	Voss
Clausnitzer	Kalis	Neuenschwander	Rukavina	Wagenius
Cooper	Kelly	O'Connor	Sarna	Waltman
Dauner	Kelso	Ogren	Schafer	Welle
DeBlick	Kinkel	Olsen, S.	Scheid	Wenzel
Dempsey	Kludt	Olson, E.	Schoenfeld	Winter
Dille	Knickerbocker	Olson, K.	Schreiber	Wynia
Dorn	Knuth	Omann	Seaberg	Spk. Norton
Forsythe	Kostohryz	Onnen	Segal	
Frederick	Krueger	Orenstein	Shaver	
Frerichs	Larsen	Osthoff	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 1366, A bill for an act relating to occupations and professions; creating the Minnesota task force on interior designers and decorators and providing for its duties.

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 47 nays as follows:

## Those who voted in the affirmative were:

Battaglia	Jacobs	Lieder	Orenstein	Seaberg
Bauerly	Jaros	Long	Otis	Segal
Beard	Jefferson	McEachern	Ozment	Simoneau
Begich	Jennings	McKasy	Pappas	Skoglund
Bennett	Jensen	McLaughlin	Pelowski	Solberg
Bertram	Johnson, A.	Milbert	Peterson	Sparby
Bishop	Johnson, R.	Minne	Price	Trimble
Boo	Kahn	Munger	Quinn	Vanasek
Brown	Kalis	Murphy	Reding	Vellenga
Burger	Kelly	Nelson, C.	Rest	Voss
Carlson, L.	Kelso	Nelson, D.	Rice	Wagenius
Carruthers	Kinkel	Nelson, K.	Riveness	Wenzel
Clark	Knuth	O'Connor	Rodosovich	Winter
Cooper	Kostohryz	Ogren	Rukavina	Wynia
Forsythe	Krueger	Olson, E.	Sarna	Spk. Norton
Greenfield	Larsen	Olson, K.	Scheid	
Hartle	Lasley	Omann	Schoenfeld	



Those who voted in the negative were:

Anderson, G.	Frerichs	Marsh	Richter	Tjornhom
Anderson, R.	Gruenes	Miller	Rose	Tompkins
Blatz	Gutknecht	Morrison	Schafer	Tunheim
Carlson, D.	Haukoos	Neuenschwander	Schreiber	Uphus
Clausnitzer	Heap	Olsen, S.	Shaver	Valento
Dauner	Himle	Onnen	Stanius	Waltman
Dempsey	Hugoson	Pauly	Steensma	Welle
Dille	Johnson, V.	Poppenhagen	Swiggum	
Dorn	Kludt	Quist	Swenson	
Frederick	Knickerbocker	Redalen	Thiede	

The bill was passed and its title agreed to.

S. F. No. 480, A bill for an act relating to the city of Duluth; authorizing the city to prepare, adopt, and amend design districts and a design framework to establish a design advisory committee, and to establish design review procedures to preserve and enhance the city's appearance and environmental quality.

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 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Shaver
Anderson, R.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Bear	Haukoos	McDonald	Pauly	Sparby
Begich	Heap	McEachern	Pelowski	Stanius
Bennett	Himle	McKasy	Peterson	Steensma
Bertram	Hugoson	McLaughlin	Poppenhagen	Swiggum
Bishop	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quinn	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Rukavina	Wagenius
DeBlick	Kinkel	Ogren	Sarna	Waltman
Dempsey	Kludt	Olsen, S.	Schafer	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	

The bill was passed and its title agreed to.

H. F. No. 196, A bill for an act relating to public safety; manufactured homes; requiring manufactured home park owners to provide shelter for residents during severe weather; amending Minnesota Statutes 1986, section 327.20, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 327.

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 106 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Omann	Seaberg
Battaglia	Gruenes	Lasley	Onnen	Segal
Bauerly	Hartle	Lieder	Orenstein	Shaver
Beard	Heap	Long	Osthoff	Simoneau
Begich	Himle	Marsh	Otis	Skoglund
Bennett	Jacobs	McEachern	Ozment	Sparby
Bertram	Jaros	McKasy	Pappas	Sviggum
Bishop	Jefferson	McLaughlin	Pauly	Swenson
Blatz	Jennings	McPherson	Pelowski	Tjornhom
Boo	Jensen	Milbert	Peterson	Tompkins
Brown	Johnson, A.	Minne	Poppenhagen	Trimble
Burger	Johnson, R.	Morrison	Price	Tunheim
Carlson, L.	Kahn	Murphy	Quinn	Valento
Carruthers	Kelly	Nelson, C.	Reding	Vanasek
Clark	Kelso	Nelson, D.	Rest	Vellenga
Cooper	Kinkel	Nelson, K.	Rice	Voss
Dempsey	Kludt	O'Connor	Riveness	Wagenius
Dille	Knickerbocker	Ogren	Rodosovich	Waltman
Dorn	Knuth	Olsen, S.	Rukavina	Welle
Forsythe	Kostohryz	Olson, E.	Sarna	Winter
Frederick	Krueger	Olson, K.	Scheid	Wynia
				Spk. Norton

Those who voted in the negative were:

Anderson, R.	Gutknecht	Miller	Schafer	Uphus
Carlson, D.	Haukoos	Neuenschwander	Schreiber	Wenzel
Clausnitzer	Hugoson	Quist	Solberg	
Dauner	Johnson, V.	Redalen	Stanius	
DeBlieck	Kalis	Richter	Steensma	
Ferichs	McDonald	Rose	Thiede	

The bill was passed and its title agreed to.

H. F. No. 967 was reported to the House.

There being no objection, H. F. No. 967 was continued on Special Orders for one day.

H. F. No. 1200, A bill for an act relating to human rights; defining "employee" to include commission salespersons for certain purposes;

clarifying certain provisions; amending Minnesota Statutes 1986, sections 181.81, subdivision 1; and 363.01, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Beard	Haukoos	McDonald	Pauly	Sparby
Begich	Heap	McEachern	Pelowski	Stanius
Bennett	Himle	McKasy	Peterson	Steensma
Bertram	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bishop	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quinn	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Rukavina	Wagenius
DeBlieck	Kinkel	Ogren	Sarna	Waltman
Dempsey	Kludt	Olsen, S.	Schafer	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Ornen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Shaver	

The bill was passed and its title agreed to.

S. F. No. 79 was reported to the House.

There being no objection, S. F. No. 79 was continued on Special Orders for one day.

S. F. No. 737, A bill for an act relating to health; requiring the board of medical examiners to release certain information about disciplinary investigations and proceedings; amending Minnesota Statutes 1986, section 147.01, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Ozment	Skoglund
Anderson, R.	Gutknecht	Long	Pappas	Solberg
Battaglia	Hartle	Marsh	Pauly	Sparby
Bauerly	Haukoos	McDonald	Pelowski	Stanius
Beard	Heap	McEachern	Peterson	Steenasma
Begich	Himle	McKasy	Poppenhagen	Svigum
Bennett	Hugoson	McLaughlin	Price	Swenson
Bertram	Jacobs	McPherson	Quinn	Thiede
Blatz	Jaros	Milbert	Quist	Tjornhom
Boo	Jefferson	Miller	Redalen	Tompkins
Brown	Jennings	Minne	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, D.	Johnson, A.	Murphy	Rice	Uphus
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Valento
Carruthers	Johnson, V.	Nelson, D.	Riveness	Vanasek
Clark	Kahn	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kalis	Neuenschwander	Rose	Voss
Cooper	Kelly	O'Connor	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlick	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludt	Olson, E.	Scheid	Wenzel
Dille	Knickerbocker	Olson, K.	Schoenfeld	Winter
Dorn	Knuth	Omamm	Schreiber	Wynia
Forsythe	Kostohryz	Onnen	Seaberg	Spk. Norton
Frederick	Krueger	Orenstein	Segal	
Frerichs	Larsen	Osthoff	Shaver	
Greenfield	Lasley	Otis	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 1115 was reported to the House.

There being no objection, H. F. No. 1115 was continued on Special Orders for one day.

S. F. No. 605 was reported to the House.

There being no objection, S. F. No. 605 was continued on Special Orders for one day.

H. F. No. 1420, A bill for an act relating to public safety; allowing bureau of criminal apprehension to permit amateur radio operators to use radio equipment capable of receiving police emergency radio frequency; amending Minnesota Statutes 1986, section 299C.37, 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 121 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Osthoff	Solberg
Anderson, R.	Gruenes	Lasley	Ozment	Sparby
Battaglia	Gutknecht	Lieder	Pappas	Stanius
Bauerly	Hartle	Long	Pauly	Steensma
Beard	Haukoos	Marsh	Pelowski	Sviggum
Begich	Heap	McDonald	Peterson	Swenson
Bennett	Himle	McKasy	Poppenhagen	Thiede
Bertram	Hugoson	McLaughlin	Quinn	Tjornhom
Bishop	Jacobs	McPherson	Quist	Tompkins
Blatz	Jaros	Milbert	Redalen	Trimble
Boo	Jefferson	Miller	Reding	Tunheim
Burger	Jennings	Minne	Rest	Uphus
Carlson, D.	Jensen	Morrison	Richter	Valento
Carlson, L.	Johnson, A.	Munger	Rodosovich	Vanasek
Carruthers	Johnson, R.	Murphy	Rose	Vellenga
Clark	Johnson, V.	Nelson, C.	Rukavina	Wagenius
Clausnitzer	Kahn	Nelson, K.	Schafer	Waltman
Cooper	Kalis	Neuenschwander	Scheid	Welle
Dauner	Kelly	Ogren	Schoenfeld	Wenzel
DeBlicck	Kelso	Olsen, S.	Schreiber	Winter
Dempsey	Kinkel	Olson, E.	Seaberg	Spk. Norton
Dille	Kludd	Olson, K.	Segal	
Forsythe	Knickerbocker	Omann	Shaver	
Frederick	Kostohryz	Onnen	Simoneau	
Frerichs	Krueger	Orenstein	Skoglund	

Those who voted in the negative were:

Dorn	O'Connor	Price	Sarna
McEachern	Otis	Rice	

The bill was passed and its title agreed to.

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

H. F. No. 533, A bill for an act relating to taxation; imposing nondiscrimination requirements on private golf clubs qualifying for taxation under the open space property tax law; providing notification to the taxpayer in certain cases; amending Minnesota Statutes 1986, section 273.112, subdivisions 3 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. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Dauner	Gutknecht	Jennings
Anderson, R.	Brown	DeBlicck	Hartle	Jensen
Battaglia	Burger	Dempsey	Haukoos	Johnson, A.
Bauerly	Carlson, D.	Dille	Heap	Johnson, R.
Beard	Carlson, L.	Dorn	Himle	Johnson, V.
Begich	Carruthers	Frederick	Hugoson	Kahn
Bennett	Clark	Frerichs	Jacobs	Kalis
Bertram	Clausnitzer	Greenfield	Jaros	Kelly
Bishop	Cooper	Gruenes	Jefferson	Kelso

Kinkel	Minne	Ozment	Sarna	Trimble
Kludt	Morrison	Pappas	Schafer	Tunheim
Knickerbocker	Munger	Pauly	Scheid	Uphus
Knuth	Murphy	Pelowski	Schoenfeld	Valento
Kostohryz	Nelson, C.	Peterson	Schreiber	Vanasek
Krueger	Nelson, D.	Poppenhagen	Seaberg	Vellenga
Larsen	Nelson, K.	Price	Segal	Voss
Lasley	Neuenschwander	Quinn	Shaver	Wagenius
Lieder	O'Connor	Quist	Skoglund	Waltman
Long	Ogren	Redalen	Solberg	Welle
Marsh	Olsen, S.	Reding	Sparby	Wenzel
McDonald	Olson, E.	Rest	Stanius	Winter
McEachern	Olson, K.	Rice	Steensma	Wynia
McKasy	Omann	Richter	Sviggum	Spk. Norton
McLaughlin	Onnen	Riveness	Swenson	
McPherson	Orenstein	Rodosovich	Thiede	
Milbert	Osthoff	Rose	Tjornhom	
Miller	Otis	Rukavina	Tompkins	

Those who voted in the negative were:

Boo

The bill was passed and its title agreed to.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Johnson, A., moved that her name be stricken as an author on H. F. No. 446. The motion prevailed.

Marsh moved that H. F. No. 1643 be recalled from the Committee on Governmental Operations and be re-referred to the Committee on Judiciary. The motion prevailed.

Wenzel moved that H. F. No. 1520 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Rice moved that H. F. Nos. 1397 and 1439, now on General Orders, be re-referred to the Committee on Labor-Management Relations. The motion prevailed.

Otis moved that H. F. No. 1399, now on Special Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

## ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Tuesday, May 5, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Tuesday, May 5, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTY-FOURTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MAY 5, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Pastor Paul Ratzloff, Champlin Community Church, Champlin, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Beard	Haukoos	McDonald	Pauly	Sparby
Begich	Heap	McEachern	Pelowski	Stanius
Bennett	Himle	McKasy	Peterson	Steenasma
Bertram	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bishop	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quinn	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Munger	Rest	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rice	Uphus
Carruthers	Johnson, V.	Nelson, C.	Richter	Valento
Clark	Kahn	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kahis	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelly	Neuenschwander	Rose	Voss
Dauner	Kelso	O'Connor	Rukavina	Waltman
DeBlieck	Kinkel	Ogren	Sarna	Welle
Dempsey	Kludt	Olsen, S.	Schafer	Wenzel
Dille	Knickerbocker	Olson, E.	Scheid	Winter
Dorn	Knuth	Olson, K.	Schoenfeld	Wynia
Forsythe	Kostohryz	Omman	Schreiber	Spk. Norton
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Shaver	

A quorum was present.

Anderson, R., was excused until 11:30 a.m. Wagenius was excused until 11:45 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 1174, 1304, 1419 and 1421 and S. F. Nos. 823, 1078, 170, 317 and 557 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

April 28, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives  
The State of Minnesota

Dear Sir:

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

H. F. No. 28, relating to financial institutions; extending the EFT law to terminals located on the premises of a financial institution; providing options for a financial institution relating to the availability of an electronic financial terminal for other financial institutions; permitting certain advertising relating to an electronic financial terminal; amending Minnesota Statutes 1986, sections 47.61, subdivision 3; 47.63; 47.64, subdivisions 1, 3, and 4; and 47.67.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 30, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives  
The State of Minnesota

Dear Sir:

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

H. F. No. 235, relating to education; allowing certain districts to mail summaries of the school board proceedings rather than publish them; amending Minnesota Statutes 1986, section 123.33, by adding a subdivision.

H. F. No. 505, relating to state lands; authorizing conveyance of certain state easement.

H. F. No. 557, relating to state departments and agencies; renaming the mental retardation division of the department of human services; amending Minnesota Statutes 1986, section 245.072.

H. F. No. 1028, relating to labor; regulating mediation, fact finding, and other functions of the bureau of mediation services; providing for violations of the labor union democracy act; amending Minnesota Statutes 1986, sections 179.02, subdivision 2, and by adding a subdivision; 179.07; 179.08; 179.083; 179.22; 179.38; proposing coding for new law in Minnesota Statutes, chapter 179; repealing Minnesota Statutes 1986, sections 179.05; 179.23; and 179.24.

H. F. No. 1049, relating to labor; regulating the administration of the occupational safety and health act; clarifying employee rights to sue; amending Minnesota Statutes 1986, sections 182.659, subdivisions 6 and 8; 182.661, by adding a subdivision; 182.666, subdivisions 1, 2, 4, 5, and 6; and 182.669, subdivision 1.

Sincerely,

RUDY PERPICH  
Governor

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 30, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives  
The State of Minnesota

Dear Sir:

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

H. F. No. 567, A resolution memorializing the President and Congress to give states more authority to regulate interstate pipelines and to improve federal regulation of pipelines.

Sincerely,

RUDY PERPICH  
Governor

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

April 30, 1987

The Honorable Fred C. Norton  
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 1987 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 1987</i>	<i>Date Filed 1987</i>
	28	41	April 28, 1987	April 29, 1987
	235	42	April 30, 1987	April 30, 1987
	505	43	April 30, 1987	April 30, 1987
	557	44	April 30, 1987	April 30, 1987
	1028	45	April 30, 1987	April 30, 1987
	1049	46	April 30, 1987	April 30, 1987
73		47	April 29, 1987	April 30, 1987
136		48	April 29, 1987	April 30, 1987
440		49	April 28, 1987	April 29, 1987
725		50	April 30, 1987	April 30, 1987
1067		51	April 29, 1987	April 30, 1987
	567	Resolution No. 5		April 30, 1987

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

## REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1315, A bill for an act relating to state agencies; establishing an office of information systems management; amending Minnesota Statutes 1986, section 16B.41.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [STATE DEPARTMENTS; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1987," "1988," and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

## SUMMARY BY FUND

	1987	1988	1989	TOTAL
General				
\$3,666,500	\$467,124,000	\$460,422,600	\$ 927,546,600	
Special Revenue				
395,000	55,917,300	68,461,800	124,379,100	
Game and Fish				
	37,778,200	38,383,000	76,161,200	
Trunk Highway				
284,755	7,463,600	5,792,700	13,256,300	
Highway User				
	2,423,700	1,640,400	4,064,100	
Workers' Comp.				
18,300	11,879,700	10,976,800	22,856,500	
Environmental				
	2,325,600	2,325,600	4,651,200	
Metro Landfill Abatement				
	1,134,000	1,134,000	2,268,000	
Metro Landfill Contingency				
	670,000	170,000	840,000	
Minnesota Resources				
	7,951,700	7,964,500	15,916,200	
Motor Vehicle Transfer				
	2,850,600	2,885,600	5,736,200	
Water Pollution Control				
	5,843,300	7,168,300	13,011,600	
Transfers to Other Direct				
(.....)	(5,068,300)	(4,765,200)	(9,833,500)	
TOTAL				
\$ .....	\$598,293,400	\$602,560,100	\$1,200,853,500	

**APPROPRIATIONS**  
Available for the Year  
Ending June 30

	1988	1989
	\$	\$
<b>Sec. 2. LEGISLATURE</b>		
Subdivision 1. Total for this section	34,235,500	34,835,900
Summary by Fund		
<b>General</b>		
\$34,208,000	\$34,813,200	
<b>Trunk Highway</b>		
\$ 27,500	\$ 22,700	
Subd. 2. Senate	10,578,700	9,023,900
Subd. 3. House of Representatives	15,607,000	17,161,800
Subd. 4. Legislative Coordinating Commission	5,107,600	5,681,900

The amounts that may be spent from this appropriation for each activity are as follows:

<b>(a) Legislative Reference Library</b>		
1988	1989	
\$ 727,700	\$ 757,000	
<b>(b) Revisor of Statutes</b>		
\$ 3,010,300	\$ 3,418,400	
<b>(c) Legislative Commission on the Economic Status of Women</b>		
\$ 123,500	\$ 130,300	
<b>(d) Legislative Commission on Economic Development Strategy</b>		
\$ 0	\$ 0	
<b>(e) Legislative Commission on Employee Relations</b>		
\$ 95,800	\$ 96,200	
<b>(f) Legislative Commission on Energy</b>		
\$ 0	\$ 0	

	1988	1989
	\$	\$
(g) Great Lakes Commission		
\$ 37,200	\$ 42,200	
(h) Legislative Commission on Pen- sions and Retirement		
\$ 505,600	\$ 563,700	
(i) Legislative Commission on Public Education		
\$ 0	\$ 0	
(j) Legislative Commission to Review Administrative Rules		
\$ 117,800	\$ 122,700	
(k) Legislative Commission on Waste Management		
\$ 113,500	\$ 118,600	
(l) Mississippi River Parkway Commission		
\$ 27,500	\$ 22,700	

This appropriation is from the trunk highway fund.

(m) Legislative Coordinating Commis- sion - General Support		
\$ 348,700	\$ 410,100	

\$50,000 the first year and \$50,000 the second year are reserved for unanticipated costs of agencies in this subdivision and subdivision 5. The legislative coordinating commission may transfer necessary amounts from this appropriation to the appropriations of the agencies concerned, and the amounts transferred are appropriated to those agencies to be spent by them. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$70,200 the first year and \$74,400 the second year are for the state contribution to the national conference of state legislatures.

	1988	1989
	\$	\$
<p>Notwithstanding any contrary provisions, \$300,000 of the \$600,000 appropriated to the tax study commission in a bill styled as H.F. No. 529 is instead appropriated to the Legislative Coordinating Commission for the Legislative Commission on Fiscal Policy created in Minnesota Statutes, section 3.885.</p>		
Subd. 5. Legislative Audit Commission	2,942,200	2,968,300

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Legislative Audit Commission	\$ 15,000	\$ 15,500
(b) Legislative Auditor	\$ 2,927,200	\$ 2,952,800

### Sec. 3. SUPREME COURT

Subdivision 1. Total Appropriation	8,908,200	9,185,400
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#### Summary by Fund

General	\$ 6,211,400	\$ 6,186,500
Special Revenue	\$ 2,696,800	\$ 2,998,900

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

#### Subd. 2. Supreme Court Operations

Total Appropriation	2,528,800	2,484,600
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#### Summary by Fund

General	\$ 2,528,800	\$ 2,484,600
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\$2,100 the first year and \$2,200 the second year are for a contingent account for expenses necessary for the



	1988	1989
normal operation of the court for which no other reimbursement is provided.	\$	\$

Subd. 3. Family Farm Legal Assistance	\$ 850,000	\$ 850,000
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This amount is from the family farm civil surcharge special revenue fund.

Subd. 4. Legal Services Surcharge Grant	\$ 1,276,400	\$ 1,347,800
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\$1,276,400 the first year and \$1,347,800 the second year are from the legal services account in the special revenue fund for legal services to low-income clients. Any unencumbered balance remaining of the legal services appropriation in the first year does not cancel but is available for the second year of the biennium.

\$50,000 is available to the supreme court to study gender bias throughout the state judicial system and to prepare a report for the chair of the house appropriations committee and the chair of the senate finance committee by June 30, 1989.

Subd. 5. State Court Administrator

Total Appropriation	3,430,600	3,649,500
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Summary by Fund

General	\$ 2,959,400	\$ 2,953,600
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Special	\$ 471,200	\$ 695,900
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Subd. 6. State Law Library

Total Appropriation	822,400	853,500
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	1988	1989
	\$	\$
Summary by Fund		
General		
\$ 723,200	\$ 748,300	
Special Revenue		
\$ 99,200	\$ 105,200	
Sec. 4. COURT OF APPEALS	3,169,200	3,164,100
Sec. 5. TRIAL COURTS	17,885,400	18,206,200
Sec. 6. BOARD ON JUDICIAL STANDARDS	154,800	154,700
Approved Complement - 2		
Sec. 7. BOARD OF PUBLIC DE- FENSE	803,400	1,044,100
Approved Complement - 1		
Of this appropriation, \$239,300 the first year and \$478,700 the second year are for the purpose of providing legal services to the indigent residents of distressed counties as defined under Minnesota Statutes, section 297A.257.		
Sec. 8. PUBLIC DEFENDER	1,457,800	1,466,300
Approved Complement - 28		
During the biennium, legal assistance to Minnesota prisoners shall serve the civil legal needs of persons confined to state institutions.		
None of this appropriation shall be used to pay for lawsuits against public agencies or public officials to change social or public policy.		
Sec. 9. GOVERNOR		
Subdivision 1. Total Appropriation	2,095,500	2,104,100

The amounts that may be spent for each activity are as follows:

	1988	1989
	\$	\$
(a) Committee on Appointments		
\$ 87,700	\$	87,600
(b) Governor's Residence		
\$ 280,900	\$	280,600

\$10,000 each year is to provide part-time staff assistance to the governor's residence council established in Minnesota Statutes, section 16B.27.

(c) General Support		
\$ 14,500	\$	14,500

\$14,500 the first year and \$14,500 the second year are for personal expenses connected with the office of the governor.

(d) Interstate Representation and Cooperation		
\$ 78,800	\$	84,300

This appropriation is for membership dues of the national governors association.

Sec. 10. LIEUTENANT GOVERNOR	275,900	276,600
Sec. 11. SECRETARY OF STATE		
Subdivision 1. Total Appropriation	1,916,700	2,049,500

Approved Complement - 52.5 46.5

The appropriations in this section are from the special revenue fund.

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

Subd. 2. Elections and Publications		
\$ 264,300	\$	540,900
Subd. 3. Uniform Commercial Code		
\$ 182,000	\$	168,500
Subd. 4. Business Services		
\$ 780,500	\$	729,800

	\$	1988	\$	1989
\$228,100 and 4 positions the first year and 3 positions the second year are available until June 30, 1989, for the purpose of implementing the provision under Minnesota Statutes, section 302A.821 that requires every domestic corporation to file a domestic corporate annual report along with its corporate income tax filing.				
Subd. 5. Administration	\$	354,500	\$	357,300
Subd. 6. Fiscal Operations	\$	141,600	\$	140,500
Subd. 7. Data Services	\$	193,800	\$	112,500
Sec. 12. STATE AUDITOR		467,500		467,100

\$80,000 the first year and \$80,000 the second year must be subtracted from the total police and fire state aid otherwise payable to police and fire relief associations pursuant to Minnesota Statutes, sections 69.011 to 69.051 and deposited into the state auditor's revolving fund for the costs and expenses incurred by the state auditor in making review of the audits and examinations of relief associations. The amount of \$80,000 the first year and \$80,000 the second year to be subtracted out of the police state aid and the firefighters' state aid shall be divided proportionally according to the total estimated costs of the audits or examinations of the police and firefighters' relief associations as determined by the state auditor.

\$22,500 the first year and \$22,500 the second year for the costs and expenses of the central office staff attached to the constitutional office function shall be paid for from the audit practice revolving fund.

	1988	1989
	\$	\$
General - 7.0		
Revolving - 121.0		
Police and fire relief aids - 2.0		
<p>\$77,300 the first year and \$77,300 the second year are for an account the auditor may bill for costs associated with conducting single audits of federal funds. During the biennium, this account may be used only when no other billing mechanism is feasible.</p>		
<p>During the biennium ending June 30, 1989, the commissioner of finance shall not approve any rate increase for the state auditor beyond those in effect on January 1, 1987, except for adjustments necessitated by salary increases, indirect cost assessments, and other verifiably escalating expenses associated with performing their reimbursable audits.</p>		
<p>\$218,100 the first year and \$217,900 the second year must be subtracted from the amount that would otherwise be payable as local government aid under Minnesota Statutes, chapter 477A, in order to fund the government information division.</p>		
Sec. 13. STATE TREASURER	513,900	512,600
Approved Complement - 12		
Sec. 14. ATTORNEY GENERAL		
Subdivision 1. Total Appropriation	18,340,000	18,233,300
Approved Complement - 389.5		
General - 364.8		
Federal - 6.7		

	\$	1988	\$	1989
Special Revenue - 18				

### Summary by Fund

General	\$17,500,000	\$17,393,300
Special Revenue	\$ 840,000	\$ 840,000

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

Subd. 2. Public Administration  
           \$ 1,366,600     \$ 1,354,300

Subd. 3. Public Resources  
           \$ 3,488,300     \$ 3,500,600

Subd. 4. Public Assistance  
           \$ 2,620,400     \$ 2,621,300

Of this appropriation, \$840,000 and 18 positions the first year and \$840,000 and 18 positions the second year are from the special revenue fund.

Subd. 5. Public Protection  
           \$ 6,592,500     \$ 6,586,400

Subd. 6. Legal Policy and Administration  
           \$ 4,272,200     \$ 4,170,700

The duties and responsibilities of the department of human rights are transferred to the attorney general under Minnesota Statutes, section 15.039.

The approved complement includes 54 positions for functions related to enforcement, education, outreach and contract compliance, and nonmanagement staff support for the administration activity transferred from the department of human rights to the attorney general. The five positions in the office of the commissioner and the management level positions for the ad-

	1988	1989
	\$	\$
ministration and enforcement activities are abolished and may not be transferred.		

Sec. 15. INVESTMENT BOARD	1,602,300	1,600,600
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Approved Complement - 25

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 16. ADMINISTRATIVE HEARINGS	2,940,700	2,782,400
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The approved complement of the office shall be reduced by four workers' compensation judges and two workers' compensation support staff on June 30, 1989.

Approved Complement - 70.5

Revolving - 18.5

Workers' Compensation - 52

This appropriation is from the workers' compensation special compensation fund for considering workers' compensation claims.

Sec. 17. ADMINISTRATION

Subdivision 1. Total Appropriation	17,210,600	16,890,600
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1988	1989
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Approved Complement -	849.1	842.1
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General-	196.6	189.6
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Special Revenue-	43.6	43.6
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Building-	7	7
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	1988	1989
Gift-	\$ 1	\$ 1
Revolving-	600.9	600.9

#### Summary by Fund

General	\$15,445,300	\$15,093,600
Special Revenue	\$ 1,453,200	\$ 1,484,900
Building	\$ 312,100	\$ 312,100

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

**Subd. 2. Operations Management**  
 \$ 3,658,200      \$ 3,471,900

Where economically advantageous, legislators and legislative staff should attempt to utilize the department's travel management services for legislative business to benefit from economies of scale and to simplify the making of travel arrangements.

The commissioner shall report to the legislature by January 1, 1988, on whether bonding requirements applicable to small businesses are an impediment to those businesses in obtaining state contracts. If the bonding requirements are found to be impediments to obtaining state contracts, the commissioner shall also include in the report proposals for altering the bonding requirements to alleviate the impediments.

**Subd. 3. Information Management**  
 \$ 2,399,400      \$2,228,000



	1988	1989
	\$	\$
<p>\$163,500 and a complement of three in the first year are for the purpose of the establishment and development of statewide information management under Minnesota Statutes, section 16B.41.</p>		

\$158,800 the first year and \$158,800 the second year must be subtracted from the amount that would otherwise be payable to local government aid under Minnesota Statutes, chapter 477A, in order to fund the local government records program and the inter-governmental information systems.

The commissioner shall use the authority under Minnesota Statutes, section 16B.48, subdivision 2, clause (5) to charge local units of government assessments equal to the department's costs for helping local governments manage records and implement records retention schedules.

In those instances where state agencies have need for the same or similar computer data, the commissioner shall ensure that the most efficient and cost effective method of producing and storing data for or sharing data between those agencies is used.

Subd. 4. Property Management	\$ 6,970,400	\$ 7,196,500
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#### Summary by Fund

General	\$ 5,205,100	\$ 5,399,500
Special Revenue	\$ 1,453,200	\$ 1,484,900
Building	\$ 312,100	\$ 312,100

	1988	1989
	\$	\$
Of the total appropriation for their program \$350,000 is made available in fiscal year 1988 and \$350,000 in fiscal year 1989 to fund capitol area repairs and replacements. Any unencumbered balance at the end of fiscal year 1988 shall not cancel to the general fund but shall be made available for use in fiscal year 1989.		

The commissioner shall study and prepare a report for the legislature by January 1, 1988, on the competing policies and the costs of leasing space in privately-owned buildings versus constructing new state buildings to house state departments and agencies.

\$340,400 the first year and \$534,000 the second year are for office space costs of the legislature and veterans organizations for ceremonial space, and for statutorily free space.

The commissioner shall contract with a private organization to do a needs assessment and prepare a report for the legislature by January 1, 1988, on the feasibility of providing in the capitol complex area a privately-run child day care and latch-key center for children of state employees and visitors to the state capitol. If the report indicates that such a center is feasible, the commissioner shall submit to the legislature by March 1, 1988, a list of recommended sites within the capitol complex area for locating the center.

Subd. 5. Administrative Management

\$ 4,182,600	\$ 3,994,200
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\$2,000 the first year and \$2,000 the second year are for the state employees' band.

\$75,000 of the fiscal year 1988 appropriation is to fund a management study of veterans affairs. Any unencumbered

	1988	1989
	\$	\$
balance at the end of fiscal year 1988 shall not cancel to the general fund but instead shall be made available in fiscal year 1989 for the study.		

\$229,300 the first year and \$229,300 the second year is for block grants to public television stations.

\$404,100 the first year and \$404,100 the second year is for matching grants to public television stations.

\$1,135,900 the first year and \$1,135,900 the second year is for public television equipment needs. Equipment grant allocations shall be based on the recommendations of the Minnesota public television association.

\$211,100 the first year and \$211,100 the second year is for operational grants to public educational radio stations who are members of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 139.19.

\$115,900 the first year and \$115,900 the second year is for public educational radio stations who are members of the Association of Minnesota Public Educational Radio Stations for equipment needs.

\$15,000 in the first year is for KAWE-TV to conduct an engineering study for the placement of a remote transmitter in a portion of northwestern Minnesota.

\$21,400 the first year is to conduct a survey to determine the number and listening pattern of listeners to stations that are members of the Association of Minnesota Public Educational Radio Stations. The results of the survey must be submitted to the senate fi-

	1988	1989
	\$	\$
<p>nance committee and house of representatives appropriations committee.</p>		

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

\$100,000 the first year is for equipment grants to affiliate stations of Minnesota Public Radio, Incorporated.

If the amounts allocated to public broadcasting are to be reduced for reasons relating to budget shortfalls, the reduction shall not exceed the average of the reduction for all state agencies.

The commissioner, in consultation with representatives of public broadcasting stations, must prepare a report for the legislature by January 1, 1988, recommending specific criteria for awarding operational and equipment grants to public broadcasting stations.

Sec. 18. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	172,000	167,000
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	1988	1989
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Approved Complement-

	3	3
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Sec. 19. FINANCE

Subdivision 1. Total Appropriation	8,509,500	8,085,900
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Approved Complement - 124

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

\$141,000 the first year to cover costs associated with modifying the state's personnel/payroll systems. Any unencumbered balance remaining in

1988

1989

\$

\$

the first year does not cancel but is available for the second year of the biennium.

\$400,000 is appropriated from the general fund to the commissioner of finance for payment of the general fund costs associated with layoffs of employees in the executive branch as defined in Minnesota Statutes, section 43A.02, subdivision 22. The appropriation is available to cover severance costs, liquidated vacation leave, unemployment compensation costs and employer-paid health insurance for early retirees under Minnesota Statutes, section 43A.24. To be eligible to receive a portion of the appropriation, a state agency must, after developing a spending plan and giving layoff notices to employees, certify to the commissioner of finance by January 1, 1988, the general fund costs the agency will incur as a result of employee layoffs. The commissioner of finance shall by February 1, 1988, transfer the necessary amounts to each eligible agency. If the appropriation is insufficient to cover the general fund layoff costs of all eligible agencies, the commissioner shall distribute the money on a pro rata basis according to each eligible agency's portion of the total layoff costs.

\$500,000 is appropriated in the second year for a grant to the Minnesota zoo as a one-for-one matching grant for funds donated through fund raising activities.

The department of finance shall reflect the reimbursement of statewide indirect costs and human services federal reimbursement costs as expenditure reductions in the general fund budgeted fund balance as they would be reported in conformity with generally accepted accounting principles.

	1988	1989
	\$	\$
Amounts paid to the department of finance pursuant to Minnesota Statutes, section 13.03, subdivision 3, for the costs of searching for and retrieving government data and for making, certifying and compiling the copies of the data, are appropriated to the department of finance to be added to the appropriations from which the costs were paid.		

The governor's budget recommendations submitted to the legislature in January, 1989 must include as general fund revenue and appropriations for fiscal years 1990 and 1991 all revenues and expenditures previously accounted for in the statewide accounting system in other operating funds. This requirement does not apply (1) to revenues and expenditures which, under the constitution, must be accounted for in funds other than the general fund; or (2) to revenues and expenditures which are related to specific user fees that provide a primary benefit to individual fee payers, as opposed to the general community.

Notwithstanding the provision of Minnesota Statutes, section 16A.11, the commissioner of finance shall consult with and seek the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee as well as their respective division and subcommittee chairs prior to adopting a format for the 1989-1991 biennial budget document. The commissioner of finance shall not adopt a format for the 1989-1991 biennial budget until the commissioner has received the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee. Appropriations provided to the department of finance to upgrade the current biennial budget system shall only be expended upon

	1988	1989
	\$	\$

receipt of the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee. These recommendations are advisory only.

### Sec. 20. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation	5,024,200	5,255,800
	1988	1989
Approved Complement-	118	119
General-	103	104
Special Revenue-	6	6
Revolving-	9	9

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration	\$ 1,672,100	\$ 1,697,000
Subd. 3. Equal Opportunity	\$ 205,100	\$ 204,900
Subd. 4. Labor Relations	\$ 464,800	\$ 464,100
Subd. 5. Personnel	\$ 2,682,200	\$ 2,889,800

The three positions to implement recommendations to accelerate the hiring process and improve the suitability of available job candidates are available until June 30, 1989.

### Sec. 21. REVENUE

Subdivision 1. Total Appropriation	57,333,100	54,930,800
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	1988	1989	\$	1988	\$	1989
Approved Complement-	1,142.2	1,178.2				
General-	1,006.2	1,043.2				
Highway User-	39	39				
Special Revenue-	97	97				

## Summary by Fund

General	\$51,222,500	\$48,847,200
Special Revenue	\$ 4,617,800	\$ 4,588,200
Highway User	\$ 1,492,800	\$ 1,495,400

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Revenue Administration  
\$13,768,000      \$10,222,000

\$7,391,000 the first year and \$3,594,700 the second year are for development and operation of new integrated computer systems. After the commissioner of revenue begins to spend the appropriation, the commissioner shall report every three months describing the progress made and the money spent in the development and operation of new integrated computer systems. The report must be submitted to the committee on finance of the senate and the committee on appropriations of the house of representatives. Any unencumbered balance on this appropriation remaining in the first year does not cancel and is available for the second year.



	1988	1989
	\$	\$
\$39,800 the first year and \$39,700 the second year are from the special revenue fund.		

Subd. 3. Tax Policy  
           \$ 2,848,400     \$ 2,841,100

\$131,500 for the first year and \$131,300 for the second year is from the special revenue fund.

Subd. 4. Taxpayer Service  
           \$ 7,580,300     \$ 7,565,800

Summary by Fund

General  
           \$ 5,794,400     \$ 5,784,900

Highway User  
           \$ 1,492,800     \$ 1,495,400

Special Revenue  
           \$ 293,100       \$ 285,500

\$30,000 the first year and \$30,000 the second year are for state-paid tuition for required assessor training.

Subd. 5. Operations  
           \$11,106,100     \$11,125,400

Subd. 6. Tax Compliance  
           \$22,030,300     \$23,176,500

Notwithstanding any contrary provisions, \$1,900,000 of the \$4,000,000 appropriated to the commissioner of revenue in a bill styled as H.F. No. 529 must be used by the department of revenue for compliance initiatives. Of this amount, \$570,000 the first year is for the automated collection system. If this system is not fully operational by August 1, 1988, the general fund appropriation for the department shall be reduced by \$570,000.

	1988	1989
	\$	\$
Summary by Fund		
General	\$17,876,900	\$19,044,800
Special Revenue	\$ 4,153,400	\$ 4,131,700
<p>The first \$4,153,400 of corporate income tax receipts in the first year and the first \$4,131,700 of corporate income tax receipts in the second year must be credited to the special revenue fund.</p>		
Sec. 22. TAX COURT	402,400	401,900
Approved Complement - 6		
Sec. 23. NATURAL RESOURCES		
Subdivision 1. Total Appropriation	109,575,500	109,590,900
	1988	1989
Approved Complement-	1,657	1,657
General-	956	956
Special Revenue-	119	119
Game and Fish-	539	539
Federal-	43	43
Summary by Fund		
General	\$48,242,800	\$47,512,700
Con. Con.	\$ 250,000	\$ 250,000
Cross Country Ski	\$ 180,000	\$ 180,000

	1988	1989
	\$	\$
Forest Management		
\$ 5,697,200	\$ 5,697,300	
Nongame Wildlife		
\$ 1,309,800	\$ 1,313,600	
Snowmobile		
\$ 3,800,800	\$ 3,926,200	
State Park M. & O.		
\$ 3,944,400	\$ 3,944,400	
All Terrain		
\$ 650,000	\$ 650,000	
Water Recreation		
\$ 7,265,200	\$ 7,348,700	
Wildlife Acquis.		
\$ 1,086,500	\$ 1,086,500	
Game and Fish		
\$36,107,700	\$36,712,500	
Water Pollution Control		
\$ 700,000	\$ 625,000	
Wild Rice		
\$ 30,000	\$ 30,000	
Trust Suspense		
\$ 311,100	\$ 189,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

On July 1, 1987, the commissioner of finance must reduce the general fund appropriation to the department of natural resources by \$3,000,000 the first year for the purposes of paying for firefighting deficiencies incurred by the department during fiscal year 1987. If the general fund appropriation the first year is insufficient to meet the \$3,000,000 spending reduction, the appropriation for the second year is available.

	1988	1989
	\$	\$
<p>The commissioner may not make the required reductions from the following programs as funded at the fiscal year 1988-1989 levels: local pass-through-grants or aids, youth and other volunteer programs, general funded wildlife programs, enforcement programs, regional offices programs, firefighting appropriations, forest inventory programs, dam safety, and repairs and replacements on equipment and buildings currently owned by the department.</p>		

The reductions shall not be included as part of the fiscal year 1989 expenditure base for purposes of establishing the fiscal year 1990 same level spending request to the legislature. These reductions may be included as new change order requests submitted to the legislature for the 1989 to 1991 biennial budget.

The commissioner of natural resources must report to the commissioner of finance, the senate finance committee, and the house appropriations committee on the programs, services, and positions reduced, delayed, or eliminated in order to meet this reduction no later than July 15, 1987.

Subd. 2. Mineral Resources Management

\$ 3,748,600	\$ 3,757,300
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\$300,000 the first year and \$300,000 the second year are for iron ore cooperative reduction research, of which \$200,000 the first year and \$200,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

1988                      1989

\$                              \$

\$100,000 is available until June 30, 1989 for the purpose of horticultural peat marketing and promotion in cooperation with the department of agriculture and the natural resources research institute.

The commissioner is authorized one complement position in the unclassified service from the mineral lease account created by section 104.

Subd. 3. Water Resources Management	\$ 4,205,200	\$ 4,838,800
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Summary by Fund

General	\$ 4,130,600	\$ 4,140,000
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Water Pollution Control	\$ 700,000	\$ 625,000
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Water Recreation	\$ 73,900	\$ 73,800
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\$85,000 the first year and \$85,000 the second year from the flood damage reduction program is for a grant to the counties of Cook, Lake, and the town of Duluth for the development of a comprehensive shoreland management plan along the shoreline of Lake Superior. The study must be sent by the commissioner of natural resources to the chairs of the house appropriations and senate finance committees by December 1, 1989.

\$500,000 the first year and \$500,000 the second year are appropriated from the water pollution control fund for flood damage reduction. \$100,000 each year of this appropriation is designated for use in control grants to study Area 2 Inc.

\$125,000 each year is appropriated from the water pollution control fund

	\$	1988	\$	1989
for groundwater exploration and data automation.				

\$75,000 the first year is appropriated from the water pollution control fund for a grant to the city of Waseca for the purpose of rehabilitating Loon and Clear Lakes in and about the city. This appropriation is available until expended.

Subd. 4. Forest Management

\$20,105,600	\$20,377,000
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Summary by Fund

General

\$14,328,400	\$14,599,700
--------------	--------------

Con. Con.

\$ 250,000	\$ 250,000
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Forest Management

\$ 5,527,200	\$ 5,527,300
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The divisions of forestry and fish and wildlife must coordinate the harvesting of trees in order to ensure optimum wildlife habitat benefits and water quality of adjacent streams or lakes.

\$903,800 the first year and \$903,600 the second year are for emergency fire fighting and are not subject to transfer. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Up to \$120,000 per year from the general fund under Minnesota Statutes, section 89.04 may be used for grants to the soil and water conservation board for cost-sharing with landowners in the state forest improvement program.

\$250,000 the first year and \$250,000 the second year are for contracts with counties or groups of counties for county forestry assistance programs.

	1988	1989
	\$	\$

The commissioners of natural resources, revenue, and transportation shall jointly study and determine the amount of unrefunded gas tax attributable to forest logging trucks that use forest roads under the authority of the commissioner. Their findings and determinations must be reported to the chairs of the house appropriations and senate finance committees by December 1, 1988, along with proposed changes to Minnesota Statutes, section 296.421, that reflect their determinations.

Subd. 5. Parks and Recreation Management

	\$13,882,800	\$14,033,600
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Summary by Fund

General

	\$ 9,271,700	\$ 9,422,500
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State Park Maintenance and Operation

	\$ 3,944,400	\$ 3,944,400
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Water Recreation

	\$ 666,700	\$ 666,700
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If a bill is signed into law in 1987 that allows a second state park motor vehicle permit at a reduced price, the commissioner of natural resources must keep a record of resident and nonresident second permits that are sold.

\$666,700 is appropriated each year of the biennium from the water recreation account for state park development projects. Should the appropriation in either year be insufficient, the appropriation for the other year shall be available.

The department of natural resources may not subcontract the operation of the Douglas Lodge facilities at Itasca State Park so long as revenues are at least equal to the cost of operation. A

1988                      1989

\$                              \$

management plan must be prepared by the commissioner that outlines specific steps and timelines to achieve self-sufficiency of the Douglas Lodge facilities. The management plan must incorporate recommendations concerning the best utilization of management, labor and other resources to achieve self-sufficiency. The commissioner must send the management plan to the Legislature by March 1, 1988.

\$20,000 the first year and \$20,000 the second year are for payments in lieu of taxes on lands in Voyageurs National Park and St. Croix Wild River State Park. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 6. Trails and Waterways

\$ 7,952,300      \$ 8,365,600

Summary by Fund

General	\$ 746,500	\$ 750,200
Cross Country Ski	\$ 150,000	\$ 150,000
Snowmobile	\$ 3,258,700	\$ 3,379,400
Three Wheeler	\$ 475,000	\$ 475,000
Water Recreation	\$ 3,112,100	\$ 3,196,000
Game and Fish	\$ 210,000	\$ 415,000

\$200,000 the first year and \$200,000 the second year are for snowmobile grants-in-aid.



1988

1989

\$

\$

If receipts from cross country ski pass fees do not equal the appropriations for either year of the biennium, up to \$100,000 per year from the general fund equal to the amount of the deficiency shall be transferred by the commissioner of finance to the commissioner of natural resources for cross country ski purposes.

An accounting report for the 1986 and 1987 cross country ski seasons is to be submitted to the chair of the senate finance committee and the house appropriations committee.

Subd. 7. Fish and Wildlife Management

	\$25,733,100	\$25,954,800
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Summary by Fund

General

\$ 702,000	\$ 710,200
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Nongame Wildlife

\$ 1,264,800	\$ 1,268,600
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Water Recreation

\$ 150,000	\$ 150,000
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Wildlife Acquis.

\$ 961,500	\$ 836,500
------------	------------

Game and Fish

\$22,624,800	\$22,989,500
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Wild Rice Management

\$ 30,000	\$ 30,000
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\$685,700 in the first year and \$685,700 the second year are appropriated from the game and fish fund for payments to counties in lieu of taxes on acquired wildlife lands and is not subject to transfer.

\$1,264,800 the first year and \$1,268,600 the second year are from the nongame wildlife management ac-

1988

1989

\$

\$

count in the special revenue fund for the purpose of nongame wildlife management. Any unencumbered balance remaining in the first year does not cancel but is available the second year.

\$54,400 in the first year and \$54,200 the second year are for acid rain research.

\$40,000 the first year and \$40,000 the second year is from the nongame wildlife fund for one complement position to serve as a native prairie biologist.

If the appropriation in this section for emergency deer feeding for either year is insufficient, the appropriation for the other year is available for it.

\$30,000 is appropriated each year from the wild rice management account project to improve natural wild rice production on public waters pursuant to Minnesota Statutes, section 97A.065, subdivision 4.

\$40,000 for the first year and \$40,000 for the second year is from the general fund to be transferred to the commissioner of agriculture to compensate landowners for agricultural crops damaged by elk.

\$10,000 each year is appropriated from the general fund to be used as an additional payment to the Leech Lake Indian Reservation for enforcement activities. The reservation may also use \$40,000 of the increased annual payment that it receives as a result of the fee increases in this act for enforcement. The department of natural resources shall also make surplus equipment available to the reservation.

Subd. 8. Enforcement

\$10,869,200

\$11,047,600

	1988	1989
	\$	\$
Summary by Fund		
General		
\$ 1,162,700	\$ 1,202,900	
Snowmobile		
\$ 240,800	\$ 240,800	
Water Recreation		
\$ 1,888,900	\$ 1,887,800	
Game and Fish		
\$ 7,435,900	\$ 7,575,200	
Three Wheel		
\$ 140,900	\$ 140,900	

The appropriation from the game and fish fund includes \$20,000 the first year and \$20,000 the second year for the purpose of controlling smelt fishing activities on the north shore, including development of parking facilities, traffic control, coordination of regulatory agencies, control of trespass and vandalism, control of littering and sanitation, and public information and education. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,124,300 the first year and \$1,124,300 the second year are from the water recreation account in the special revenue fund for grants to counties for boat and water safety.

The commissioner must seek maximum participation from federal agencies in removing nuisance beaver. A competitive bid process must be used to select beaver trappers.

Conservation officers must maintain their residence, on an all weather road, within 15 miles of their assigned station location. The director of the division of enforcement may permit valid exceptions as is deemed appropriate.

	1988	1989
Subd. 9. Field Operations Support	\$ 8,946,500	\$ 7,569,600

Summary by Fund

General	\$ 4,973,100	\$ 3,705,500
Game and Fish	\$ 3,393,100	\$ 3,406,200
Water Recreation	\$ 243,200	\$ 242,900
Trust Suspense	\$ 311,100	\$ 189,000
Snowmobile	\$ 26,000	\$ 26,000

For the biennium \$350,000 is for the purpose of surveys of lots offered for sale under Minnesota Statutes, section 92.67, subdivision 3.

The two complement positions for the department of natural resources lakeshore lease sale program shall be funded only until June 30, 1991.

Subd. 10. Regional Operations Support	\$ 3,475,700	\$ 3,469,300
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Summary by Fund

General Fund	\$ 2,907,400	\$ 2,898,600
Game and Fish	\$ 510,000	\$ 512,400
Water Recreation	\$ 58,300	\$ 58,300

Subd. 11. Special Services and Programs	\$ 4,294,200	\$ 4,435,900
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	\$	1988	\$	1989
Summary by Fund				
General	\$ 3,173,300	\$ 3,189,200		
Forest Management	\$ 170,000	\$ 170,000		
Nongame Wildlife	\$ 55,600	\$ 55,600		
Snowmobile	\$ 132,600	\$ 132,600		
Water Recreation				
	\$ 560,500	\$ 561,000		
Wildlife Acquis.	\$ 125,000	\$ 250,000		
Game and Fish	\$ 77,200	\$ 77,500		

The commissioner of natural resources shall develop, in consultation with the commissioners of jobs and training and education, a coordinated plan for enhanced youth education, employment, and service opportunities. This plan shall consider the current programming of the Minnesota Conservation Corps, the Minnesota Youth Program, the Summer Youth Employment and Training Program, Community and Secondary Vocational Education, and other appropriate programs in designing a coordinated model which would enhance opportunities for youth. The plan may also recommend coordinated funding. The commissioner shall present the plan to the house appropriation and senate finance committees by January 1, 1988.

If the appropriation made under Minnesota Statutes, section 92.46, subdivision 1, paragraph (d), for fiscal year

1988 is not expended, it is available for use in fiscal year 1989.

\$201,500 the first year and \$326,500 the second year of this appropriation are from the following funds for an expansion of the youth programs activity:

#### Summary by Fund

	1988	1989
Wildlife Acquisition		\$ 125,000
Snowmobile	\$ 66,300	\$ 66,300
Water Recreation	\$ 27,700	\$ 27,700
Forest Management	\$ 85,000	\$ 85,000
Nongame Wildlife	\$ 22,500	\$ 22,500
Total	\$ 201,500	\$ 326,500

This appropriation shall not be made available until a work plan for use of the funds is prepared and approved by the commissioner of natural resources.

\$84,800 the first year and \$84,800 the second year are for a grant to the Mississippi headwaters board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under its jurisdiction.

\$21,400 the first year and \$21,300 the second year are for department operating and administrative expenses associated with the Mississippi headwaters board grant and the implementation of

	1988	1989
\$	\$	
the plan in areas along the river that are not included within the jurisdiction of the Mississippi headwaters board.		

Subd. 12. Administrative Management Services  
                   \$ 5,673,600      \$ 5,722,000

#### Summary by Fund

General	\$ 3,098,500	\$ 3,136,600
Snowmobile	\$ 142,700	\$ 147,400
Water Recreation	\$ 511,600	\$ 512,200
Game and Fish	\$ 1,856,700	\$ 1,861,700
All Terrain Vehicles	\$ 34,100	\$ 34,100
Cross Country Ski	\$ 30,000	\$ 30,000

\$179,500 for the first year of the biennium is for computer system installation and related management system expenses. The appropriation does not cancel and is available for the second year.

The commissioner of employee relations shall transfer persons occupying unclassified seasonal or part-time positions in the department of natural resources that are converted to full-time classified positions by the state departments appropriation act of 1987 to the same classification and pay step in the classified civil service without competitive examination as of June 30, 1987.

Sec. 24. ZOOLOGICAL BOARD	4,754,000	4,254,000
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1988                      1989

\$                              \$

The Minnesota Zoological Garden is eligible for a salary supplement in the same manner as other state agencies. The commissioner of finance will determine the amount of salary supplement based on appropriated funds, and will transfer the amount to the zoo fund.

This appropriation is for transfer by the commissioner of finance to the zoo fund. The approved complement is 162.

Sec. 25. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation	20,329,900	21,299,400
	1988	1989
Approved Complement-	494	495
General-	152.5	152.5
Special Revenue-	45	45
Federal-	214.5	214.5
Environmental-	46	46
Metro Landfill Contingency-	2	2
Motor Vehicle Transfer-	6	7
Water Pollution Control-	16	16
Building-	12	12
Summary by Fund		
General	\$ 5,806,800	\$ 6,096,300



	1988	1989
	\$	\$
Special Revenue		
\$ 2,906,900	\$ 2,651,900	
Environmental		
\$ 2,325,600	\$ 2,325,600	
Metro Landfill Abatement		
\$ 1,134,000	\$ 1,134,000	
Metro Landfill Contingency		
\$ 670,000	\$ 170,000	
Motor Vehicle Transfer		
\$ 1,979,200	\$ 2,014,200	
Water Pollution Control		
\$ 5,093,300	\$ 6,493,300	
Building		
\$ 414,100	\$ 414,100	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Water Pollution Control  
    \$ 3,089,300   \$ 3,083,700

#### Summary by Fund

General	\$ 1,399,800	\$ 1,394,200
Special Revenue	\$ 806,100	\$ 806,100
Water Pollution Control	\$ 493,300	\$ 493,300
Building	\$ 390,100	\$ 390,100

\$6,235,800 in fiscal year 1988 and \$6,117,200 in fiscal year 1989 is appropriated from the water pollution control fund to the commissioner of finance for transfer on June 30 of each fiscal year to the general fund.

	1988	1989
Subd. 3. Air Pollution Control	\$	\$
\$1,710,000	\$1,936,700	

Summary by Fund

General	\$ 1,273,100	\$ 1,500,200
Special Revenue	\$ 436,900	\$ 436,500

The metropolitan airports commission established by Minnesota Statutes, chapter 473 and the pollution control agency shall study and report to legislature by January 1, 1989 on the feasibility of a system of differential landing or user fees for aircraft using the Minneapolis-St. Paul International Airport with a rate structure based on the level of noise produced by aircraft, so that the fee imposed on an aircraft is in direct relation to the noise produced by the aircraft.

Subd. 4. Solid Waste and Hazardous Waste Pollution Control	\$13,771,400	\$14,664,600
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Summary by Fund

General	\$ 2,068,600	\$ 2,063,400
Special Revenue	\$ 1,120,200	\$ 1,083,600
Environmental	\$ 2,233,400	\$ 2,233,400
Metro Landfill Abatement	\$ 1,134,000	\$ 1,134,000
Metro Landfill Contingency	\$ 662,000	\$ 162,000
Motor Vehicle Transfer	\$ 1,973,200	\$ 2,008,200

	1988	1989
	\$	\$
Water Pollution Control		
\$ 4,580,000	\$ 5,980,000	

(a) Expenditure of the appropriation from the environmental fund in the second year of the biennium is contingent upon receipt of an agency report submitted to the chairs of the senate finance committee and house appropriations committee detailing agency expenditures in fiscal year 1988, as required by Minnesota Statutes, section 115B.20, subdivision 6.

All money in the environmental response, compensation and compliance fund not otherwise appropriated, is appropriated to the pollution control agency for the purposes described in the environmental response and liability act, Minnesota Statutes, section 115B.20, subdivision 2, clauses (a), (b), (c), and (d). This appropriation is available until June 30, 1989.

(b) Until June 30, 1989, the balance in the metropolitan landfill abatement fund after the appropriations in Laws 1984, chapter 644, section 81, subdivisions 2 and 3; Minnesota Statutes, section 473.844, subdivision 5, is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council only for the following purposes: Each year the council shall submit to the legislative commission on waste management, in the form determined by the commission, a budget and work program showing planned expenditures from the metropolitan landfill abatement fund. The council may not spend the money until the commission has made its recommendations on the budget and work program. The recommendations are advisory only. The council shall report to the legislature by February 15 of each year on expenditures from this fund.

1988

1989

\$

\$

All money in the metropolitan landfill abatement fund not otherwise appropriated is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council for the purposes of Minnesota Statutes, section 473.844. The council may not spend the money until the legislative commission on waste management has made its recommendations on the budget and work program submitted by the council.

Any unencumbered balance from the metropolitan landfill contingency fund remaining in fiscal year 1988 does not cancel but is available for fiscal year 1989.

A solid and hazardous waste account is created as a separate fund in the state treasury. The commissioner of finance shall transfer \$919,000 from the motor vehicle transfer fund and \$680,000 from the water pollution control fund over the biennium to the solid and hazardous waste fund.

(c) \$1,973,200 the first year and \$2,008,200 the second year are from the motor vehicle transfer fund for use in cleanup of waste tire dumps, as prioritized by the agency. Any unencumbered balance remaining in the fiscal year does not cancel but is available for the second year.

\$2,500,000 in fiscal year 1988 is appropriated from the motor vehicle transfer fund to the commissioner of finance for transfer on June 30, 1987, to the general fund.

Any unencumbered balance from the motor vehicle transfer fund remaining from fiscal year 1988 does not cancel but is available for fiscal year 1989.

	1988	1989
	\$	\$
\$4,500,000 the first year and \$5,900,000 the second year is appropriated from the Water Pollution Control Fund for transfer to the Environmental Response Fund on July 1, 1987 and July 1, 1988.		

It is the intent of the legislature that litigation relating to the Twin Cities Army Arsenal be a high priority for the environmental response fund. The director may transfer funds from the environmental response fund to the attorney general's office for costs associated with litigation of the case.

Subd. 5. General Support		
	\$ 2,595,900	\$ 2,669,100

Summary by Fund

General	\$ 1,902,000	\$ 1,975,200
Environmental	\$ 92,200	\$ 92,200
Metro Landfill Contingency	\$ 8,000	\$ 8,000
Motor Vehicle Transfer	\$ 6,000	\$ 6,000
Water Pollution Control	\$ 20,000	\$ 20,000
Special Revenue	\$ 567,700	\$ 567,700

The program permit and assessment fees of the pollution control agency shall equal as nearly as possible the amount appropriated from the special revenue fund for the biennium and may not include any amounts to cover the cost items in Minnesota Statutes, section 16A.128, subdivision 1a, except to the extent that the cost items are included in the appropriations.

		1988	1989
		\$	\$
Sec. 26. WASTE MANAGEMENT BOARD		2,162,900	2,162,000

## Summary by Fund

General	\$ 2,112,900	\$ 2,112,000
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Water Pollution Control	\$ 50,000	\$ 50,000
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	1988	1989
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Approved Complement-	43	43
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General-	32	32
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Building-	11	11
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The nonregulatory waste management programs of the pollution control agency are transferred to the waste management board under Minnesota Statutes, section 15.039.

Any unencumbered balance remaining the first year does not cancel but is available for the second year.

## Sec. 27. ENERGY AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation	18,204,800	17,131,800
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	1988	1989
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Approved Complement-	185.7	185.7
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General-	166.7	166.7
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Special Revenue-	0	0
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Federal-	14	14
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	1988	1989
Rural-	\$ 5	\$ 5
Summary by Fund		
General	\$17,529,600	\$16,456,600
Special Revenue	\$ ..0...	\$ ..0...
Motor Vehicle Transfer	\$ 675,200	\$ 675,200

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Minnesota Trade Office  
 \$ 2,320,000      \$ 2,316,100

\$75,000 the first year and \$75,000 the second year is for the Minnesota Grown Promotion Campaign. Of this amount up to \$10,000 the first year and up to \$10,000 the second year may be used for promotion of cheeses made from goat's and sheep milk and specialty yogurts.

Subd. 3. Economic Development  
 \$ 2,843,500      \$ 2,839,200

\$250,000 the first year and \$250,000 the second year are for community development corporations. This appropriation is available for expenditure only to the extent that it is matched by a community development corporation with \$2 of nonstate money for each \$3 of state money.

Of this appropriation, up to \$90,000 each year is for the Minnesota motion picture board. This appropriation is available only upon receipt of a dollar-for-dollar match by the board from nonstate sources.

The commissioner shall utilize one complement position to promote and

	\$	1988	\$	1989
encourage the development of amateur sports in Minnesota.				

All money in the business license revolving fund on June 30, 1987, shall be canceled to the directly appropriated special revenue fund.

Subd. 4. Tourism

\$ 5,789,200	\$ 5,790,300
--------------	--------------

\$75,000 of this appropriation is to the office of tourism for promoting the cross country ski trails program and providing the public with information about the importance of the program to tourism in Minnesota and the importance of maintenance and development of cross country ski trails.

During the biennium, the office of tourism may market tourism related publications and media promotional materials to businesses and organizations. The proceeds from the marketing are to be placed in a fund to be used for the preparation and distribution of the office's publications and media promotional materials. This fund shall not cancel to the general fund at the end of the biennium. The director shall report to the legislature by January 15, 1989 on this fund.

Of the general fund appropriation, up to \$15,000 must be made available to Travel America, Inc., a nonprofit corporation established for promoting and expanding education and tourism in Pine county. The appropriation is to be made available on a dollar-to-dollar match for purposes of studying the feasibility of establishing an environmental learning center on county lands near the Kettle river. Travel America, Inc., may enter into a contract to conduct the study with a private party consultant and the study must involve information from local and statewide environmental groups and local school



1988

1989

\$

\$

district representatives regarding the impact of establishing an environmental learning center. The site may include land on both sides of the Kettle river about one mile south of Sandstone and the old United States government road. Travel America, Inc. must report to the department of natural resources and to the environment and natural resources committees of both the house and the senate on the findings of the study no later than June 30, 1989. The appropriation is available until it is expended.

In order to develop maximum private sector involvement in tourism marketing activities, \$1,750,000 the first year and \$1,750,000 the second year shall be placed in a separate account for tourism marketing activities by the office of tourism. Expenditure of the money in the account is contingent upon receipt of an equal match with nonstate contributions that have been verified and documented to the commissioner of finance. Up to one-third of the required nonstate match may be given in in-kind contributions.

None of the appropriation for expanded tourism marketing, promotion and development may be used to develop or promote a Minnesota Music Festival.

The director shall submit a work program and semiannual progress reports, including the amount of nonstate contributions received, to the chair of the senate finance committee and the chair of the house of representatives appropriations committee.

\$150,000 the first year and \$150,000 the second year are to market Minnesota's health care resources and are available only to the extent matched by \$2 of nonstate money for each \$1 of state money.

	1988	1989
Subd. 5. Administration	\$	\$
\$ 901,800	\$ 839,500	

The commissioner shall refund to the city of Hastings any remaining application deposit received during calendar year 1984 from the city of Hastings in connection with the Hastings hydroelectric project pursuant to Minnesota Statutes, section 474.19 and retained by the department. \$60,000 is appropriated from the general fund to the commissioner to refund the industrial development bond allocation application deposit to the city of Hastings.

Subd. 6. Community Development	\$ 4,642,800	\$ 3,640,900
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The commissioner, in consultation with the chair of the LCMR, or the chair's designee, shall prepare a report for the chairs of the environment and appropriations committees in the house and the chairs of the environment and finance committees in the senate by January 1, 1989 examining the feasibility of designating county parks in the seven county metropolitan area as state parks. The report shall include analysis of the operation and maintenance costs and the extent of the public's use of the parks, and a comparison of the efficiency and cost effectiveness of county management versus state management of the parks.

\$2,164,700 the first year and \$2,164,700 the second year are for economic recovery grants.

\$1,500,000 the first year and \$500,000 the second year are for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

Subd. 7. Science and Technology	\$ 180,000	\$ 180,000
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	1988	1989
	\$	\$
\$180,000 the first year and up to \$180,000 the second year is for the Center for the Development of the Software Industry. This amount is available for allotment by the commissioner of finance to the Center only upon demonstration of a dollar for dollar match with nonstate contributions. The nonstate contributions may be received in either year of the biennium.		

Subd. 8. Financial Management

\$ 675,200	\$ 675,200
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\$675,200 the first year and \$675,200 the second year are for transfer from the motor vehicle transfer fund to the waste tire recycling account in the economic development fund for the purpose of funding waste tire recycling loans and grants and is available until expended.

Notwithstanding Minnesota Statutes, section 116J.873, the city of Babbitt may request, and the commissioner may approve, an economic recovery grant in excess of \$500,000 for the purpose of completing a waste tire recycling plant.

\$3,500,000 the first year and \$3,500,000 the second year is appropriated from the economic development fund for economic recovery grants under Minnesota Statutes, section 116J.873.

The approved complement for the financial management division is reduced by 9 the first year and by 10 the second year. The remaining complement of the division is to be funded by the economic development fund created in Minnesota Statutes, section 116M.06, subdivision 4, and the energy fund created in Minnesota Statutes, section 116.105.

1988

1989

\$

\$

\$73,500 the first year is appropriated from the economic development fund for the personnel costs associated with the reduction of the approved complement in the financial management division.

\$75,000 the first year and \$75,000 the second year is appropriated from the economic development fund for a grant to the Minnesota Inventors' Congress. The purposes of this grant include establishment of a focal point for development of an invention support system including an advisory council comprised of representatives from the public and private sectors; coordination of an invention support system, primarily in the form of semi-autonomous regional centers, while protecting, enriching, and promoting existing activities such as the Minnesota Inventors' Congress, the Minnesota Inventors' Hall of Fame, the Inventions and Technology Transfer Corporation, the Inventors' Club, and the Young Inventors' Fair; promotion of invention research, with resultant knowledge to be disseminated to Minnesota educational systems; and development of a fiscal design for the statewide invention support system. The Inventors' Congress shall report to the commissioner of energy and economic development by June 30 of each year on its activities in carrying out the purposes of this grant.

\$137,000 the first year and \$166,000 the second year is appropriated from the economic development fund for payment of dues to the Midwest Technology Development Institute.

\$120,000 the first year and \$120,000 the second year is appropriated from the economic development fund for a grant to Minnesota Project Innovation. The Minnesota Project Innovation shall report quarterly to the house

	1988	1989
	\$	\$
committee on future and technology and to the senate finance committee.		

Subd. 9. Policy Analysis		
	\$ 852,300	\$ 850,600

\$150,000 the first year and \$150,000 the second year is available to the commissioner to contract for consultant services for the development of a trade model.

## Sec. 28. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation	\$ 8,349,200	\$ 8,349,200
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Approved Complement - 129

Spending limit on cost of general administration of agency programs:

	1988	1989
	\$ 6,235,000	\$ 6,547,000

This appropriation is for transfer to the housing development fund for the programs specified.

\$150,000 the first year and \$150,000 the second year are for a shared residence demonstration program under Minnesota Statutes, section 462A.05, subdivision 24.

\$990,000 the first year and \$990,000 the second year are for home ownership assistance under Minnesota Statutes, section 462A.21, subdivision 8.

\$2,225,000 the first year and \$2,225,000 the second year are for single family home ownership, home improvement, and multifamily bond leveraging interest rate writedowns under Minnesota Statutes, section 462A.21, subdivisions 4b and 8a.

1988                      1989

\$                              \$

\$830,000 the first year and \$830,000 the second year are for the tribal Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 14.

\$3,716,700 the first year and \$3,716,700 the second year are for housing rehabilitation and accessibility loans under Minnesota Statutes, section 462A.05, subdivisions 14a and 15.

\$500,000 is appropriated to the housing development fund created in section 462A.20 for grants for residential housing for low income persons living alone. The agency may pay the costs and expenses for the development and operation of the program authorized in section 174 out of this appropriation.

Sec. 29. STATE PLANNING AGENCY	4,421,991	4,523,700
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\$163,500 and a complement of 3 in the second year are for the purpose of the establishment and development of statewide information management under Minnesota Statutes, section 16B.41.

	1988	1989
Approved Complement-	91	94
General-	57.5	60.5
Special Revenue-	4.5	4.5
Motor Vehicle Transfer-	3	3
Revolving-	22	22

	1988	1989
Federal-	\$	\$
	4	4
Summary by Fund		
General	\$ 3,868,200	\$ 3,970,000
Special Revenue	\$ 357,500	\$ 357,500
Motor Vehicle Transfer	\$ 196,200	\$ 196,200

Two positions paid from the motor vehicle transfer fund are in the unclassified service.

\$418,400 the first year and \$418,400 the second year are for regional planning grants to regional development commissions organized under Minnesota Statutes, sections 462.381 to 462.396.

Until June 30, 1989, for state and federal grants distributed by state agencies to regions of the state not having a regional development commission, the state agency administering the grant program may assess the program for administrative costs incurred by the agency that normally are incurred by the commission.

\$..... the first year and \$..... the second year are for the Council of Great Lakes Governors.

#### Sec. 30. MINNESOTA RESOURCES FUND

##### Subdivision 1. Total Appropriation

8,114,000	8,127,000
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Approved complement - 37

The appropriations in this section are from the Minnesota resources fund.

	1988	1989
	\$	\$
The commissioner of finance shall transfer \$162,300 the first year and \$162,500 the second year of this appropriation to the general fund.		

The commissioner of finance, upon recommendation of the legislative commission on Minnesota resources, shall allocate this reduction among the programs and activities in this section.

As the cash flow of the Minnesota resources fund permits, the commissioner of finance shall transfer from the unencumbered balance in the Minnesota resources fund and credit it to the general fund.

The amounts that may be spent from this appropriation for each activity are more specifically described in the following subdivisions.

For all appropriations in this section, if the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 2. Legislative Commission on Minnesota Resources

	250,000	250,000
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For the biennium ending June 30, 1989, the commission shall review the work programs and progress reports required under this section and report its findings and recommendations to the committee on finance of the senate, committee on appropriations of the house of representatives, and other appropriate committees. During the biennium, the commission shall establish oversight committees to continue review of a variety of natural resource subject areas as it believes necessary to carry out its legislative charge.

Subd. 3. Department of Natural Resources

	2,867,000	2,870,000
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	1988	1989
Approved complement - 28	\$	\$

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Groundwater Management  
       \$ 300,000     \$ 300,000

Approved complement - 1

The appropriation is to determine the relationship between ground and surface water use, flow, and quality impacts near rivers.

(b) Water Allocation and Conservation  
       \$ 200,000     \$ 200,000

Approved complement - 6

The appropriation is to develop an instream flow program including hydrologic and biologic components and to determine specific protected flow requirements for allocation and development decisions.

(c) Accelerated Land Exchange  
       \$ 125,000     \$ 125,000

Approved complement - 3

The appropriation is to accelerate land exchange transactions so larger amounts of land change hands, including multiple public agency exchanges and state park trust land title transfers. This includes accelerated improvement of land records and development of a submerged land management program.

(d) Marketing Department Services  
       \$ 135,000     \$ 135,000

Approved complement - 3

The appropriation is to examine the information expectations and needs of

	1988	1989
	\$	\$
the public regarding natural resource management and outdoor recreation use, and to develop a marketing plan to insure that DNR facilities and programs offer services that reflect market interest.		

## (e) Ridgeline Trail

	\$ 190,000	\$ 190,000
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Approved complement - 1

The appropriation is for a grant to the Superior hiking trail association for planning, development, and limited easement acquisition of a trail that follows the ridgeline overlooking Lake Superior. Local contributions of donated perpetual easements, volunteer labor, materials, and ongoing operations and maintenance responsibility will supplement the grant. The use of conservation corps resources is strongly encouraged. Up to \$60,000 is available to the department for planning and administrative assistance.

## (f) Mississippi River Management

	\$ 135,000	\$ 136,000
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Approved complement - 4

The appropriation is to provide an interdisciplinary management team to better coordinate planning and implementation of state and federal initiatives on the Minnesota, St. Croix, and Mississippi rivers.

## (g) Brighton Beach Breakwater

	\$ 235,000	\$ 235,000
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The appropriation is for development of a breakwater in conjunction with a state public access on locally-owned land to meet increased recreation demand and provide safer fishing and boating opportunities.

	1988	1989
	\$	\$
(h) Fish and Wildlife Comprehensive Planning		
\$ 130,000	\$ 130,000	

Approved complement - 3

The appropriation is to continue development of the long range fish and wildlife comprehensive plan, develop and implement a cost accounting performance reporting process, refine public involvement, implement action planning, work planning, and budgeting for all work and funds of the division of fish and wildlife. The commissioner shall pursue 75 percent reimbursement and deposit the receipts into the Minnesota resources fund federal reimbursement account, if permissible under federal law.

(i) Forest Wildlife Habitat Intensification		
\$ 80,000	\$ 80,000	

Approved complement - 2

The appropriation provides staff to assist with forestry unit planning to insure fish and wildlife considerations are fully addressed.

(j) Swan Lake Area Wildlife Project		
\$ 975,000	\$ 976,000	

Approved complement - 1

The appropriation is for an initial project to dramatically increase wildlife populations by focusing on private land cost sharing, acquisition and development of diverse lands, and application of innovative management techniques, thereby bolstering the local economy through increased wildlife based recreation. All gifts, match reimbursements, or other receipts are appropriated for this purpose.

	1988	1989
All acquisition of land may be no greater than 100 percent of the appraised value.	\$	\$

(k) County Biological Survey  
       \$ 87,000           \$ 88,000

Approved complement - 2

The appropriation is for a survey of rare plants, animals, and habitats using combinations of existing forestry, soils, and habitat data on a county-by-county basis. Private match is appropriated.

(l) Glacial Drift Geochemistry  
       \$ 100,000       \$ 100,000

Approved complement - 2

The appropriation is to extend geochemical techniques to additional areas in order to evaluate the potential existence of strategic minerals, using the aeromagnetic survey as a guide for targeting efforts.

(m) Regeneration Growth Inventory  
       \$ 25,000       \$ 25,000

The appropriation is for a grant to Beltrami county to inventory young timber stands and develop revised growth models that will indicate the feasibility of increased or decreased harvesting.

(n) Conservation Corps  
       \$ 150,000       \$ 150,000

The appropriation is for acceleration of the corps work with a new emphasis on county forest and recreation projects.

The appropriation must be equally matched from the county and local units of government where the conservation corps work takes place.

	1988		1989
	\$		\$
Subd. 4. Pollution Control Agency	491,000		492,000

Approved complement - 3

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Handbooks of Best Management Practices

\$ 30,000	\$ 30,000
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Approved complement - 1

The appropriation is to develop a catalogue of structural and nonstructured nonpoint source pollution best management practices and training programs for primary users. Federal match is appropriated.

(b) Nonpoint Source Pollution Model

\$ 40,000	\$ 40,000
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The appropriation is for additional development of the AGNPS model in order to emphasize analyses of watershed pollutants in the areas of off-site erosion impacts, pesticides, groundwater, economic analysis, urban compatibility, and annualization. Federal match is appropriated.

(c) Garvin Brook Final Evaluation

\$ 75,000	\$ 75,000
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Approved complement - 1

The appropriation is to conduct follow-up monitoring, testing, and evaluation and to report on the practices installed since the 1981 initiation of the project. Federal money available is appropriated.

(d) Lake Runoff Management Evaluation

\$ 196,000	\$ 197,000
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	1988	1989
	\$	\$
<p>The appropriation is for a grant to the metropolitan council for evaluation, documentation, and reporting on the effectiveness of various runoff management practices on lake protection.</p>		

(e) Mercury Toxicity	\$ 150,000	\$ 150,000
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Approved complement - 1

The appropriation is to examine lakes, streams, and fish in order to determine the source of and mitigation measures for mercury contamination. Federal money available is appropriated.

Subd. 5. State Planning Agency	512,000	513,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Pilot Comprehensive Local Water Planning	\$ 450,000	\$ 450,000
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The appropriation is for the environmental quality board for a water planning project to make up to eight grants to local units of government with the required nonstate one-to-one match. This includes up to \$70,000 for information services to be provided by the land management information center. All state agencies shall provide information and assist these county efforts as appropriate. The rulemaking provisions of Minnesota Statutes, chapter 14, do not apply to the award of grants under this paragraph.

(b) Support for Soil and Water Management	\$ 62,000	\$ 63,000
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The appropriation is for the environmental quality board to make a grant to the international coalition to provide

	1988	1989
	\$	\$
an understandable basin-wide perspective on soils and waters for improved public knowledge and enhancement of local planning efforts in the Red River basin. The freshwater foundation is requested to assist the project as feasible.		
Subd. 6. Department of Agriculture	245,000	245,000

## (a) Biological Control of Pests

## Approved complement - 5

The appropriation is for research to develop the natural enemies needed to control several plant and animal pests as an alternative to pesticides. Seasonal staffing as needed is anticipated.

Subd. 7. Minnesota Historical Society	173,000	177,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Historical Data Base	\$ 50,000	\$ 50,000
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The appropriation is to organize and automate the collections, increase public awareness, and significantly improve management of these rare materials. Available private money is appropriated.

(b) Environmental Oral History	\$ 22,000	\$ 23,000
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The appropriation is to complete the project initiated in 1985 while people who are important to environmental history are still available.

(c) Geographic Resource Marketing	\$ 22,000	\$ 23,000
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The appropriation is to accelerate marketing and interpretation of important

	1988	1989
geographic resources for purposes of preservation, tourism, and public use.	\$	\$

## (d) Heritage Trails

\$ 22,000	\$ 23,000
-----------	-----------

The appropriation is for a project to interpret and preserve historic trails for public use tourism.

## (e) Indian History Grants in Aid

\$ 35,000	\$ 35,000
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The appropriation is for grants to preserve and develop the Battle Point and Kathio sites on an equal match basis with the reservations.

## (f) Farm Economy Record

\$ 22,000	\$ 23,000
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The appropriation is for a project to record the changes in the farm economy and the effects on the social fabric and general economy.

Subd. 8. University of Minnesota	3,026,000	3,030,000
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The amounts that may be spent from this appropriation for each activity are as follows:

## (a) Optimize Winter Lake Aeration

\$ 49,000	\$ 49,000
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The appropriation is for the St. Anthony Falls Hydraulics laboratory to determine optimum selection, sizing, and operation of lake aeration equipment and techniques.

## (b) Gas Permeable Membrane Water Treatment

\$ 87,000	\$ 88,000
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The appropriation is for the civil and mineral engineering department to research and develop novel technologies for removal of contaminants from water. If this work results in a patent and



	1988	1989
subsequent royalties, the university shall repay 50 percent of the royalties received, net of patent servicing costs, until the entire appropriation is repaid, into the Minnesota resources fund.	\$	\$

(c) Dioxins in Bleached Kraft Pulp

	\$ 150,000	\$ 150,000
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The appropriation is for the natural resources research institute to develop biodegradation techniques for decontamination of soils and sludge containing dioxins produced through bleached kraft pulp manufacture and to improve the data base on dioxin contamination. Federal and private moneys are appropriated.

(d) Engineering Solutions to Water Problems

	\$ 350,000	\$ 350,000
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The appropriation is for the St. Anthony Falls Hydraulics laboratory to develop engineering methods for pollutant transport, river erosion and sedimentation, selection of lake management techniques, and evaluation of effects of ice on flooding.

(e) Groundwater Quality Impacts from Agriculture

	\$ 155,000	\$ 156,000
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The appropriation is for the soils department to quantify the nitrogen and pesticides that move through soil under the effects of various agricultural practices and to determine the effects of transformation and breakdown products.

(f) Simple Water Assay

	\$ 25,000	\$ 25,000
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The appropriation is for the Gray freshwater biological institute to develop a low cost and readily useable test to

	1988	1989
	\$	\$

detect various water pollutants. The appropriation is contingent upon at least an equal private match from the freshwater foundation, which is appropriated. If this work results in a patent and subsequent royalties, the university shall repay 50 percent of the royalties received, net of patent servicing costs, until the entire appropriation is repaid, into the Minnesota resources fund.

(g) Accelerated Soil Survey

	\$ 700,000	\$ 700,000
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The appropriation is for the agricultural experiment station for the sixth biennium of a seven biennium effort to provide the appropriate detailed survey based on the adopted federal, state, and local cost share. It may be spent only in counties where the survey was underway or the agreement signed and survey scheduled by July 1, 1988.

(h) Biomass Cash Crop Nursery Establishment

	\$ 92,000	\$ 92,000
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The appropriation is for the Crookston campus to establish poplar nurseries with local growers and small demonstration plots at Waseca and Lamberton.

(i) Undrained Peatlands for Short Rotation Forestry

	\$ 58,000	\$ 58,000
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The appropriation is for the natural resources research institute to determine the feasibility of using undrained peat for poplar and willow plantations as an alternative to the environmental impacts from conventional drainage land preparation techniques.

(j) Compost and CoCompost Research

	\$ 87,000	\$ 88,000
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1988

1989

\$

\$

The appropriation is for the soils department to identify methods that optimize produce quality and to determine management practices and application rates for use of compost.

(k) Gamefish Growth Enhancement  
 \$ 321,000      \$ 322,000

The appropriation is for the fish and wildlife department to produce fish with increased growth rates using genetic engineering. If this work results in a patent and subsequent royalties, the university shall repay 50 percent of the royalties received, net of patent servicing costs, until the entire appropriation is repaid, into the Minnesota resources fund.

(l) Evaluation of Mosquito Control Activities on Waterfowl  
 \$ 60,000      \$ 60,000

The appropriation is for the department of fish and wildlife to study impacts on the food resources of marshes related to waterfowl reproduction and duckling survival. The university must attempt to secure an equal funding match from the metropolitan mosquito control commission. The freshwater foundation is requested to assist by coordinating this work with other related studies on waterfowl.

(m) Ash as a Lime or Fertilizer Source  
 \$ 35,000      \$ 35,000

The appropriation is for the extension service to determine the potential of wood and related ash as a soil amendment that is environmentally safe and economically viable for alfalfa and other crops.

(n) Aeromagnetic Mapping  
 \$ 400,000      \$ 400,000

	1988	1989
\$	\$	\$

The appropriation is to the state geological survey for the fifth biennium of a six biennium effort to electronically acquire and interpret geophysical data, including groundtruth drilling.

(o) Industrial Minerals: Clay  
       \$ 200,000       \$ 200,000

The appropriation is for the mineral resources research center to test known clay resources for potential industrial resources and test the feasibility of producing high grade kaolin products from Redwood Falls area clay.

(p) Future Timber Supply Scheduling Techniques  
       \$ 73,000       \$ 73,000

The appropriation is for the college of forestry to link strategic and operational planning by refining growth projection and planning models and to thereby help capture greater economic and biologic potentials from forests.

(q) Biotechnology Applications in Forestry  
       \$ 84,000       \$ 84,000

The appropriation is for the college of forestry to complete the basic research on regeneration, emphasizing tissue culture, and on bioprocessing of lignin.

(r) Sludge Ash Pilot Project  
       \$ 100,000       \$ 100,000

The appropriation is to the mineral resources research center for a pilot plant test of new processing techniques for the ash from incinerated sewage sludge, and to assess the potential of total disposal through a route to a commercial product. The match from the metropolitan waste control commission is appropriated. If this work

	1988	1989
	\$	\$
results in a patent and subsequent royalties, the university shall repay 50 percent of the royalties received, net of patent servicing costs, until the entire appropriation is repaid, into the Minnesota resources fund.		

Subd. 9. State University Board	50,000	50,000
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(a) Nonenergy Peat Development

The appropriation is for Bemidji state university to accelerate the investigation of extracting high value commercial products from peat.

Subd. 10. Appropriation Adjustment

The commissioner of finance, upon recommendation of the legislative commission on Minnesota resources, shall reduce the appropriations for the projects funded by this section by \$100,000 in fiscal year 1988 and \$100,000 in fiscal year 1989. This reduction shall be reappropriated to the commissioner of natural resources to establish a control program for the weed lythrun salicaria (purple loosestrife) in cooperation with the department of agriculture.

Subd. 11. Appropriation Adjustment

The commissioner of finance, upon recommendation of the legislative commission on Minnesota resources, shall adjust the appropriations for the projects funded by this section by \$40,000 in fiscal year 1988 and \$40,000 in fiscal year 1989. The reduction shall be reappropriated to the commissioner of natural resources to fund a land and water conservation fund coordination position. The commissioner is authorized one complement position.

	1988	1989
\$		\$

#### Subd. 12. Compatible Data

During the biennium, the data collected by projects funded under this section that has common value for natural resource planning must be provided and integrated into the Minnesota land management information system's geographic and summary data bases according to published data compatibility guidelines. Costs associated with this data delivery must be borne by the activity receiving funding under this section. This requirement applies to all projects funded under this section, including but not limited to projects under subdivision 3, clauses (a), (b), (c), (h), (k), (l), and (m), subdivision 4, clause (b), subdivision 5, clause (a), and subdivision 8, clauses (e), (g), and (n).

#### Subd. 13. Work Programs

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation must submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this subdivision may be spent unless the commission has approved the pertinent work program. Upon request from the commission, the agency head shall submit an evaluation by July 1, 1988, as to whether the program should be incorporated in the next agency budget.

#### Subd. 14. Complement Temporary

Persons employed by a state agency and paid by an appropriation in this section are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their

	1988	1989
	\$	\$

positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons is authorized.

Subd. 15. Federal Reimbursement Account	500,000	500,000
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This appropriation is for the spending purposes in the natural resources federal reimbursement account in Minnesota Statutes, section 86.72.

### Sec. 31. LABOR AND INDUSTRY

Subdivision 1. Total Appropriation	15,988,100	14,669,700
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	1988	1989
Approved Complement-		
337	337	309.5
General-		
69	69	41.5
Special Revenue-		
33	33	33
Federal-		
42.5	42.5	42.5
Workers' Compensation -		
192.5	192.5	192.5

#### Summary by Fund

General	\$ 6,991,000	\$ 5,880,500
Workers' Compensation	\$ 7,550,800	\$ 7,456,200
Special Revenue	\$ 1,446,800	\$ 1,333,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Employment Standards	\$ 909,900	\$ 907,400
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	1988	1989
	\$	\$
Subd. 3. Workers' Compensation Regulation and Enforcement		
	\$3,893,400	\$3,857,000

\$234,000 the first year and \$207,900 the second year from the special workers' compensation fund and a complement of five the first year and five the second year are for additional referees and clerical support staff to facilitate the resolution of disputes in settlement conference proceedings shall be available until June 30, 1991.

This appropriation is from the special compensation fund.

Subd. 4. Workers' Compensation State Claims Management		
	\$1,714,600	\$1,771,300

Until June 30, 1989, the commissioner of labor and industry may provide a workers' compensation insurer or self-insured employer direct computer access to workers' compensation data other than private data on individuals on file with the commissioner, upon receipt of a fee in an amount determined by the commissioner to be sufficient to cover the direct and indirect costs of providing the access. Fee receipts must be deposited in the state treasury and credited to a special account in the special revenue fund and are appropriated to the commissioner to pay only the direct and indirect costs of providing the access.

\$300,000 the first year and \$300,000 the second year are for payment of peace officer survivor benefits under Minnesota Statutes, section 176B.04. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 5. Workers' Compensation Special Compensation Fund		
	\$3,404,800	\$3,403,800



1988

1989

\$

\$

Of this appropriation \$1,404,800 the first year and \$1,403,800 the second year are from the special compensation fund.

\$2,000,000 the first year and \$2,000,000 the second year are for reimbursement of the special compensation fund under Minnesota Statutes, section 176.183, subdivision 2.

\$197,000 the first year and \$197,000 the second year is from the special compensation fund for enforcement of the mandatory insurance requirements contained in Minnesota Statutes, chapter 176. This appropriation includes money to pay for an investigator to assist the department in its insurance enforcement efforts.

Subd. 6. Code Enforcement

\$ 1,397,600      \$ 1,283,300

This appropriation is from the special revenue fund.

Subd. 7. OSHA

\$ 1,237,900      \$    74,300

Summary by Fund

General

\$ 1,188,200      \$    24,600

Special Revenue

\$    49,700      \$    49,700

\$49,700 the first year and \$49,700 the second year are from the special revenue fund for passenger elevator inspection.

Subd. 8. General Support

\$ 2,234,300      \$ 2,232,200

Summary by Fund

General

\$    853,000      \$    952,400

	\$	1988	\$	1989
Workers' Compensation				
\$ 1,381,300		\$ 1,379,800		
Subd. 9. Information Management Services				
\$ 1,196,600		\$ 1,140,400		
Summary by Fund				
General				
\$ 325,300		\$ 324,800		
Workers' Compensation				
\$ 871,300		\$ 815,600		
Sec. 32. WORKERS' COMPENSATION COURT OF APPEALS		755,200		738,500
Approved Complement - 15				
This appropriation is from the workers' compensation special compensation fund.				
Sec. 33. MEDIATION SERVICES		1,557,600		1,656,100
Approved Complement - 26				
\$200,000 the first year and \$275,000 the second year are for grants to area labor-management committees. The unencumbered balance remaining in the first year does not cancel but is available for the second year.				
Sec. 34. MILITARY AFFAIRS				
Subdivision 1. Total Appropriation		6,201,100		6,203,400
Approved Complement - 322.8				
General - 136.8				
Federal - 186.0				

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

	1988	1989
	\$	\$
Subd. 2. Maintenance of Training Facilities	\$ 4,890,900	\$ 4,881,900
Subd. 3. General Support	\$ 1,310,200	\$ 1,321,500

\$75,000 the first year and \$75,000 the second year are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

### Sec. 35. VETERANS AFFAIRS

Subdivision 1. Total Appropriation    \$15,584,300    \$15,280,800

Approved Complement - 408.5

General - 41.0

Special - 367.5

#### Summary by Fund

General	\$ 7,584,300	\$ 7,280,800
Special Revenue	\$ 8,000,000	\$ 8,000,000
Transfers to Other Direct	(\$ 5,068,300)	(\$ 4,765,200)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Veterans Benefits and Services	\$ 2,516,000	\$ 2,515,600
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During the biennium, in administering veterans benefits programs the commissioner shall ensure that veterans participate in all federally funded ben-

	1988	1989
efit programs to the maximum extent possible before receiving assistance under state funded programs.	\$	\$

\$30,000 the first year and \$30,000 the second year is for purchase of bronze star grave markers.

\$988,100 the first year and \$988,100 the second year are for emergency financial and medical needs of veterans. For the biennium ending June 30, 1989, the commissioner shall limit financial assistance to veterans and dependents to six months, unless recipients have been certified as ineligible for other benefit programs. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$38,500 the first year and \$38,500 the second year are for war veterans and war orphans education aid, to be spent under Minnesota Statutes, section 197.75.

\$31,600 the first year and \$31,500 the second year are for the veterans affairs office in Duluth, which the commissioner shall continue during the biennium ending June 30, 1989.

Subd. 3. Veterans Homes

\$13,068,300	\$12,765,200
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\$200,000 of unencumbered balances in the appropriations in Laws 1985, First Special Session chapter 13, section 37, subdivision 2, specified for emergency financial and medical needs of veterans is transferred to the fiscal year 1987 Minneapolis Veterans Home program budget for emergency repairs and equipment needed to correct cited deficiencies at the home.

Summary by Fund

General

\$ 5,068,300	\$ 4,765,200
--------------	--------------

	1988	1989
	\$	\$
Transfers to Other Direct		
(\$ 5,068,300)	(\$ 4,765,200)	
Special Revenue		
\$ 8,000,000	\$ 8,000,000	

The appropriation from the general fund is for transfer by the commissioner of finance to the special revenue fund to support appropriations from the special revenue fund that are not fully supported by income from the federal government and charges to residents.

Sec. 36. INDIAN AFFAIRS COUNCIL	309,300	308,900
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Approved Complement - 7

\$25,000 the first year and \$25,000 the second year is for the purpose of enabling the council to carry out the tasks of identifying, relocating or preserving the Indian burial grounds as required by Minnesota Statutes, section 307.08. The council is to work cooperatively with the Minnesota state historical society in performing these tasks.

During the biennium, the data collected by this activity that has common value for natural resource planning must be provided and integrated into the Minnesota land management information system's geographic and summary data bases according to published data compatibility guidelines. Costs associated with this data delivery must be borne by this activity.

An additional \$20,000 from the general fund is available for allotment by the commissioner of finance to the council during the biennium upon demonstration of a dollar-for-dollar match with nonpublic contributions. Up to one-quarter of the nonpublic match requirement may be met with in-kind

	1988	1989
	\$	\$
contributions. Nonpublic contributions may be raised by the council in either year of the biennium. All funds not receiving a nonpublic match shall cancel to the general fund at the end of the biennium.		

Sec. 37. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	134,300	134,500
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Approved Complement - 3

..... credited to the ten percent nonstate match requirement in the subsequent fiscal year.

An additional \$20,000 from the general fund is available for allotment by the commissioner of finance to the council during the biennium only upon demonstration of a dollar-for-dollar match with nonpublic contributions. Up to one-quarter of the nonpublic match requirement may be met with in-kind contributions. Nonpublic contributions may be raised by the council in either year of the biennium. All funds not receiving a nonpublic match shall cancel to the general fund at the end of the biennium.

Sec. 38. COUNCIL ON BLACK MINNESOTANS	148,700	148,700
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Approved Complement - 3.5

An additional \$20,000 from the general fund is available for allotment by the commissioner of finance to the council during the biennium only upon demonstration of a dollar-for-dollar match with nonpublic contributions. Up to one-quarter of the nonpublic match requirement may be met with in-kind contributions. Nonpublic contributions may be raised by the council in either year of the biennium. All funds not

	1988	1989
receiving a nonpublic match shall cancel to the general fund at the end of the biennium.	\$	\$
Sec. 39. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	130,000	130,000

Approved Complement - 3

An additional \$20,000 from the general fund is available for allotment by the commissioner of finance to the council during the biennium only upon demonstration of a dollar-for-dollar match with nonpublic contributions. Up to one-quarter of the nonpublic match requirement may be met with in-kind contributions. Nonpublic contributions may be raised by the council in either year of the biennium. All funds not receiving a nonpublic match shall cancel to the general fund at the end of the biennium.

Sec. 40. COUNCIL FOR THE HANDICAPPED	418,900	419,500
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Approved Complement - 10

An additional \$20,000 from the general fund is available for allotment by the commissioner of finance to the council during the biennium only upon demonstration of a dollar-for-dollar match with nonpublic contributions. Up to one-quarter of the nonpublic match requirement may be met with in-kind contributions. Nonpublic contributions may be raised by the council in either year of the biennium. All funds not receiving a nonpublic match shall cancel to the general fund at the end of the biennium.

Sec. 41. SALARY SUPPLEMENT	18,260,200	18,260,200
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Subdivision 1. Appropriations

	1988	1989
	\$	\$
<p>Except as limited by the direct appropriations made in this section, the amounts necessary to pay compensation and economic benefit increases covered by this section are appropriated from the various funds in the state treasury from which salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1988, and June 30, 1989. In the case of salaries that are paid from one fund, but that fund is reimbursed by another fund, the amounts necessary to make these reimbursements are also appropriated.</p>		

(a) General Fund		
	\$12,376,700	\$12,376,700

Part of the appropriation from the general fund may be transferred to the special revenue fund and is appropriated to meet the salary supplement needs of positions formerly paid from the general fund.

(b) Game and Fish Fund		
	\$ 568,500	\$ 568,500

(c) Trunk Highway Fund		
	\$ 5,170,000	\$ 5,170,000

(d) Highway User Tax Distribution Fund		
	\$ 145,000	\$ 145,000

#### Subd. 2. Increases Covered

The compensation and economic benefit increases covered by this section are those paid to classified and unclassified employees and officers in the executive, judicial, and legislative branches of state government, and to employees of the Minnesota historical society who are paid from state appropriations, if the increases are required by existing law or authorized by law during the 1987 session of the legislature or by appropriate resolutions for employees



	1988	1989
<p>of the legislature, or are given interim approval by the legislative commission on employee relations under Minnesota Statutes, sections 3.855 and 43A.18 or 179A.22, subdivision 4, or have been recommended by the compensation council that met in 1984.</p>	\$	\$

The salaries for certain agency heads recommended for approval by the legislative commission on employee relations on March 31, 1987, are ratified retroactive to January 16, 1987.

Within the provisions of the managerial plan approved under Minnesota Statutes, section 43A.18, an agency may not authorize aggregate performance increases for its managers that exceed an average of five percent in each year of the biennium ending June 30, 1989. An agency that granted increases less than the average increases authorized by all state agencies during the biennium ending June 30, 1987, may exceed this limit by the amount that its increases were less than the average increases authorized by all state agencies during the biennium ending June 30, 1987.

### Subd. 3. Notice

During the biennium, the commissioner of finance shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount transferred to each appropriation account.

Sec. 42. GENERAL CONTINGENT  
ACCOUNTS

800,000

100,000

	1988	1989
	\$	\$

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund		
General	\$ 100,000	\$ 100,000
Special Revenue	\$ 500,000	\$ 0
Workers' Comp.	\$ 200,000	\$ 0

Part of the appropriation from the general fund may be transferred to the special revenue fund and is appropriated to meet the general contingent needs of appropriations made from the general fund during the 1985-1987 biennium.

Sec. 43. TORT CLAIMS	318,000	318,000
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To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund General		
	\$ 303,000	\$ 303,000
Game and Fish	\$ 15,500	\$ 15,500

Sec. 44. MINNESOTA STATE RETIREMENT SYSTEM	23,191,000	24,158,000
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The amounts estimated to be needed for each program are as follows:

	1988	1989
	\$	\$
(a) Legislators		
\$ 2,155,000	\$ 2,161,000	

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Judges		
\$ 2,650,000	\$ 2,875,000	

Under Minnesota Statutes, sections 490.106; and 490.123, subdivision 1.

(c) Constitutional Officers		
\$ 142,000	\$ 157,000	

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

(d) State Employee Supplemental Benefits		
\$ 23,000	\$ 21,000	

Under Minnesota Statutes, section 352.73.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 45. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION	30,000	30,000
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This appropriation is for supplemental benefits under Minnesota Statutes, section 353.83.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 46. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	10,654,000	11,375,000
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The appropriation is to the commissioner of finance for payment to the Minneapolis employees retirement

	1988	1989
	\$	\$
fund under Minnesota Statutes, section 422A.101, subdivision 3.		

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 47. POLICE AND FIRE AMORTIZATION AID	7,537,000	7,537,000
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The appropriation is to the commissioner of finance for state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations, under Minnesota Statutes, section 423A.02. If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 48. DEBT SERVICE	147,049,800	144,507,000
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The appropriation is for transfer by the commissioner of finance to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 49. DEFICIENCY APPROPRIATIONS

Subdivision 1. Appropriations

The sums set forth in columns designated "APPROPRIATIONS" are appropriated from the General Fund, or any

	1988	1989
	\$	\$

other fund designated, to the agencies and for the purposes specified in the following sections of this act to be available for the fiscal year indicated for each purpose. The figure 1987, wherever used in this act, means that the appropriations listed under this year shall be available for the year ending June 30, 1987.

Summary by Fund

	1987
General	\$ 3,666,500
Trunk Highway	284,755
Workers' Compensation Special	18,300
Direct Appropriated Special	395,000

APPROPRIATION

1987

Subd. 2. Trial Courts

\$ 394,500

(a) Salaries, fringe and Workers' Compensation.

This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 13, section 5, subdivision 2, for district and county judges.

Subd. 3. Attorney General

\$ 584,755

This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 13, section 14.

(a) Legal expense in bankruptcy proceeding of LTV corporation and Reserve Mining \$300,000 to be added to subdivision 5.

(b) Legal services to dedicated funds — the sum of \$284,755 is appropriated from the trunk highway fund for transfer by the commissioner of finance to the general fund on June 30, 1987, in order to reimburse the general fund for

expenses not related to the fund, to be added to subdivision 7.

Subd. 4. Labor and Industry. \$1,032,000

This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 13, section 32.

(a) Reinsurance Premium for Workers.

Compensation state employee claims management program, \$1,032,000, is added to subdivision 4.

Subd. 5. Workers' Compensation Court of Appeals \$ 18,300

This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 13, section 33. This appropriation is from the workers' compensation special compensation fund.

Subd. 6. Veterans Affairs \$ 395,000

This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 13, section 37. The sum of \$395,000 is appropriated from the direct appropriated special revenue fund to provide salaries for nursing staff, patients' food, and workers' compensation payments.

Subd. 7. Transfer of Lands \$ 740,000

To be disbursed by the Commissioner of Finance and to remain available until the transfer of lands authorized by Minnesota Laws 1984, chapter 539, and Minnesota Laws 1986, chapter 429 is completed.

Of this amount, up to \$650,000 is for condemnation awards related to reimbursement of the permanent school fund for up to 1,500 acres of school and other trust fund lands which must be condemned in order to complete the transfer authorized by Laws 1984, chapter 539 and Laws 1986, chapter 429. The remaining amount may be used for costs and other expenses associated with the condemnation and transfer.

## Subd. 8. Firefighting

\$ 900,000

This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 13, section 23, subdivision 7, for the purposes of firefighting.

## Sec. 50. [SPECIAL APPROPRIATION.]

\$300,000 is appropriated from the general fund for fiscal year 1987 to a contingency account in the governor's office for the purpose of preparing an application to the Department of Energy for Minnesota to become the site of the superconducting supercollider. The governor's office shall seek out private funding and shall make use of the full services of the state planning agency in preparing the application. These funds shall be available until January 1, 1988.

## Sec. 51. [TRANSFERS.]

Subdivision 1. [GENERAL PROCEDURE.] If the appropriation in this act to an agency in the executive branch is specified by program, the agency may transfer unencumbered balances among the programs specified in that section after getting the approval of the commissioner of finance. The commissioner shall not approve a transfer unless the commissioner believes that it will carry out the intent of the legislature. The transfer must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives. If the appropriation in this act to an agency in the executive branch is specified by activity, the agency may transfer unencumbered balances among the activities specified in that section using the same procedure as for transfers among programs.

Subd. 2. [CONSTITUTIONAL OFFICERS.] A constitutional officer need not get the approval of the commissioner of finance but must notify the committee on finance of the senate and the committee on appropriations of the house of representatives before making a transfer under subdivision 1.

Subd. 3. [TRANSFER PROHIBITED.] If an amount is specified in this act for an item within an activity, that amount must not be transferred or used for any other purpose.

## Sec. 52. [STUDY OF MANAGEMENT OF VETERANS HOMES.]

Subdivision 1. [STUDY ESTABLISHED.] The commissioner of administration shall conduct or arrange for a study of the management and operation of the Minnesota Veterans Homes. The purpose of the study is to provide the legislature with an accurate assessment of the management of the home and a comprehensive appraisal of any deficiencies or problems that need to be addressed. It

is the intent of the legislature to assure that the care and services provided to the veterans in these homes is of high quality and that the quality of life for the veterans is enhanced and maintained while residing in the home.

Subd. 2. [STUDY GUIDELINES.] The study shall evaluate the following: the role and responsibilities of the governing body, administrator, and management staff at the home; the relationships between the governing body, administrator and management staff located in each home; the span of control and authority delegated to the management staff at the home; the effectiveness of the management practices at the home; the direct care and other support personnel staffing patterns and assignments throughout all units in the home; the admission criteria and practices; the assessment of the care and service needs of the residents; the utilization of state operated veterans homes compared to the utilization of community based and operated long-term care facilities for the veteran population; the relationship of the home with the federal Veterans Administration regulatory programs; the relationship with the federal regulatory programs with the state regulatory programs; the programmatic and fiscal advantages or disadvantages of medical assistance certification for the veterans home; the utilization of a preadmission screening program for the home; and any other factors that are necessary for an accurate and complete assessment of the role, operation, and management of the home.

Subd. 3. [REPORT.] The commissioner of administration may contract with a person or organization knowledgeable in long-term health care facility management. The commissioners of health and human services shall assist the commissioner of administration in conducting this study. The commissioner of administration shall report to the legislature with specific findings and recommendations by February 1, 1988.

Subd. 4. [ASSESSMENTS.] The commissioner of veterans affairs shall complete an assessment of the care and services needed by all residents of all units in the homes. These assessments shall be conducted in accordance with the procedures used by the department of health for the assignment of resident case mix reimbursement classifications. These assessments shall be completed for all residents by September 1, 1987, and for all residents admitted after that date or the date of completion of the assessments whichever comes first. The commissioner of health shall provide the commissioner of veterans affairs with any necessary assistance required to train staff to perform these assessments. The assessments shall be available to the commissioners of health, human services, and administration for the purpose of completing the management study of the veterans home.

Sec. 53. [INCREASED RENTAL COSTS OR SPACE.]



An agency or department head must consult with the chairs of the house appropriations and senate finance committees before entering into any agreement that would cause an agency's rental costs to increase by ten percent or more per square foot or would increase the number of square feet of office space rented by the agency by 25 percent or more in any fiscal year.

Sec. 54. [BUILDING FUND APPROPRIATION; TRANSFER.]

Subdivision 1. Notwithstanding any other law, the commissioner of administration may transfer unencumbered balances existing on May 15, 1987, in a project account for the building fund appropriations listed in subdivision 2 to the project enumerated in Laws 1983, chapter 344, section 2(j). The money transferred under this section is appropriated for the purposes for which it is transferred and may be used for the retention of outside technical and legal expertise in the matter of the resolution of any claims that arose out of the project to which the original appropriation was made. The commissioner must report to the chairs of the house appropriations committee and the senate finance committee on any transfer made under this section.

Subd. 2. Subdivision 1 applies to appropriations made by the following laws: Laws 1973, chapter 777, section 14(c); Laws 1973, chapter 778, section 5(1); Laws 1976, chapter 348, section 2, subdivision 2; Laws 1978, chapter 791, section 2(k); Laws 1978, chapter 791, section 2(t); Laws 1978, chapter 792, section 4(a) and 4(f) and 15(a); Laws 1979, chapter 338, section 6; and Laws 1981, chapter 4, section 2, subdivision 8 and section 6; and Laws 1981, chapter 361, section 2(a); and Laws 1981, chapter 362, section 3; and Laws 1982, chapter 639, section 7.

Sec. 55. Minnesota Statutes 1986, section 2.722, subdivision 1, is amended to read:

Subdivision 1. [DESCRIPTION.] Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, LeSueur, McLeod, Scott, and Sibley; nine 13 judges; and four permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;

2. Ramsey; 13 judges;

3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; 22 judges; and permanent chambers shall be maintained in Faribault, Albert Lea, Austin, Rochester, and Winona;

4. Hennepin; 24 53 judges;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; five judges; and permanent chambers shall be maintained in Marshall, Windom, Fairmont, New Ulm, and Mankato;

6. Carlton, St. Louis, Lake, and Cook; six judges;

7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; 19 20 judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, and St. Cloud;

8. Chippewa, Kandiyohi, Lac qui Parle, Meecker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; three judges; and permanent chambers shall be maintained in Morris, Montevideo, and Willmar;

9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahanomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; six judges; and permanent chambers shall be maintained in Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, and International Falls;

10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and Washington; 24 30 judges; and permanent chambers shall be maintained in Anoka, Stillwater, and other places designated by the chief judge of the district.

Sec. 56. Minnesota Statutes 1986, section 3.099, subdivision 3, is amended to read:

~~Subd. 3. Commencing with the start of the legislative session in 1979, the senate committee on rules and administration for the senate and the house committee on rules and legislative administration for the house may each designate for their respective body up to three leadership positions to receive up to 140 percent of the compensation of other members.~~

At the commencement of each biennial legislative session, each house of the legislature shall adopt a resolution designating the majority and minority leader of that respective body.

The majority leader shall be that person elected by a caucus of members in each house which constitutes the largest political affiliation within that body and the minority leader shall be that

person elected by a caucus of members in each house which constitutes the second largest political affiliation within that body.

Sec. 57. Minnesota Statutes 1986, section 3.30, subdivision 2, is amended to read:

Subd. 2. [MEMBERS; DUTIES.] The chair of the senate committee on taxes and tax laws, the chair of the senate committee on finance, the chair of the house committee on taxes and tax laws, and the chair of the house committee on appropriations shall constitute the legislative advisory commission. The governor shall preside over the meetings of the commission but shall not be a member thereof. The chair of the senate committee on finance and the chair of the senate subcommittee on finance responsible for overseeing the items being considered by the commission and the chair of the house committee on appropriations and the chair of the division of the house appropriations committee responsible for overseeing the items being considered by the commissioner constitute the legislative advisory commission. The subcommittee chair of the finance committee in the senate and the division chair of the appropriations committee in the house shall rotate according to the items being considered by the commission. If any of the legislative members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for such vacancy. If the legislature is not in session, vacancies in the legislative membership of the commission shall be filled by the last speaker of the house or, if the speaker be not available, by the last chair of the house rules committee, in case of a house vacancy, and by the last senate committee on committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of finance shall act as secretary of the commission and shall keep a permanent record and minutes of its proceedings, which shall be public records. The commissioner of finance shall transmit, under the provisions of section 3.195, a report to the next legislature of all actions of said commission. The members of the commission shall receive traveling and subsistence expenses in attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of three or more of its members.

Sec. 58. Minnesota Statutes 1986, section 3.85, subdivision 12, is amended to read:

Subd. 12. [VALUATIONS AND REPORTS TO LEGISLATURE.]  
(a) The commission shall contract with an established actuarial consulting firm to conduct annual valuations and financial adequacy studies for the funds specified in (b). The contract shall also include provisions for performing cost analyses of proposals for changes in benefit and funding policies.

(b) The plans which shall be included in the contract for valuation and analysis are:

- (1) the Statewide Teachers Retirement Association;
- (2) the General Plan, Minnesota State Retirement System;
- (3) the Correctional Plan, Minnesota State Retirement System;
- (4) the State Patrol Plan, Minnesota State Retirement System;
- (5) the Judges Plan, Minnesota State Retirement System;
- (6) the Minneapolis Employees Retirement Fund;
- (7) the General Plan, Public Employees Retirement Association;
- (8) the Police and Fire Plan, Public Employees Retirement Association;
- (9) the Duluth Teachers Retirement Association;
- (10) the Minneapolis Teachers Retirement Association;
- (11) the St. Paul Teachers Retirement Association; and
- (12) the Legislator's Retirement Plan; and
- (13) the Elective State Officers Retirement Plan.

(c) The contract shall include the following:

(1) Every year beginning in fiscal year 1986, the contract shall specify completion of standard valuations for the preceding fiscal year with contents as described in section 356.215, subdivisions 4 to 4k; and cash flow forecasts through the amortization target date. For funds using a calendar year valuation period the first valuation shall be for the period ending December 31, 1985.

(2) Every four years, beginning in fiscal year 1988, the contract shall specify completion of an experience study for the four-year period ending June 30 of the preceding fiscal year. The experience study shall evaluate the appropriateness of continuing to use for future valuations the assumptions relating to: individual salary progression; rate of return on investments; payroll growth; mortality; withdrawal; disability; retirement; and any other experience-related factor that could impact the future financial condition of the retirement funds.

(d) The commission shall annually prepare a report to the legislature summarizing the results of the valuations and cash flow projections and shall include with its report recommendations

concerning the appropriateness of the support rates to achieve proper funding of the retirement funds by the required funding dates. It shall also, within two months of the completion of the quadrennial experience studies, prepare a report to the legislature on the appropriateness of the valuation assumptions listed in paragraph (c), clause (2).

(e) The commission shall assess the retirement plans specified in paragraph (b) other than clauses (12) and (13) the cost of their actuarial valuations and of their experience studies. The assessment shall be that part of the amount of contract compensation with the actuarial consulting firm retained by the commission specified for these functions that bears the same relationship that the total active, deferred, inactive, and benefit recipient membership of the retirement plan bears to the total active, deferred, inactive, and benefit recipient membership of all retirement plans specified in paragraph (b). The assessment shall be made upon the completion of the actuarial valuations and the experience studies. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments shall be deposited in the state treasury and credited to the general fund.

Sec. 59. [3.885] [LEGISLATIVE COMMISSION ON FISCAL POLICY.]

Subdivision 1. [CREATION AND MEMBERSHIP.] An 18-member legislative commission on fiscal policy is created. The commission consists of nine senate members, including six appointed by the committee on rules and administration and three appointed by the minority leader, nine house members, including six appointed by the speaker and three appointed by the minority leader. With the exception of the term beginning in 1987 which shall run until June 30, 1989, members shall be appointed for a two-year term beginning January 15 of each odd-numbered year. Vacancies on the commission shall be filled in the same manner as original appointments. The commission shall elect a chair and a vice-chair from among its members. The chair shall alternate between a member of the senate and a member of the house in January of each odd-numbered year.

Subd. 2. [COMPENSATION.] Members of the commission shall be compensated in the manner provided by section 3.101.

Subd. 3. [STAFF.] The council may hire staff necessary to carry out its duties and shall also use other legislative staff. The legislative coordinating commission shall provide office space and administrative support to the commission. The commissioners of finance and revenue shall supply the commission with information upon request of the chair.

Subd. 4. [DUTIES.] The commission shall study and evaluate the total level of expenditure by state government and the sources of

revenue that support these expenditures. In performing this duty the commission shall consider, among other things:

(1) the relative dependence on state tax revenues, federal funds, and user fees to support state-funded programs, and whether the existing mix of revenue sources is appropriate, given the purposes of the programs;

(2) the relative percentages of state expenditures that are devoted to major programs such as education, assistance to local government, aid to individuals, state agencies and institutions, and debt service; and

(3) the role of the legislature in overseeing state government expenditures, including legislative appropriation of money from the general fund, legislative appropriation of money from funds other than the general fund, state agency receipt of money into revolving and other dedicated funds and expenditure of money from these funds, and state agency expenditure of federal funds.

As necessary, the commission shall recommend to the legislature changes in the mix of revenue sources for programs, in the percentage of state expenditures devoted to major programs, and in the role of the legislature in overseeing state government expenditures. The commission may also make recommendations for changes in the design or continuing operation of programs. The commission's recommendations must consider the long-term needs of the state. The recommendations shall not duplicate work done by standing committees of the senate and house of representatives.

The commission shall report to the legislature on its activities and recommendations by January 15 of each odd-numbered year.

Sec. 60. Minnesota Statutes 1986, section 3C.11, subdivision 2, is amended to read:

Subd. 2. [PAMPHLETS.] The revisor's office shall compose, print, and deliver pamphlets containing parts of Minnesota Statutes, parts of Minnesota Rules, or combinations of parts of the statutes and rules as may be necessary for the use of public officers and departments. The revisor's office shall use a standard form for the pamphlets. The cost of composition, printing, and delivery of the pamphlets, together with a reasonable fee for the revisor's services, is to be borne by the office or department requesting them. The printing must be limited to actual needs as shown by experience or other competent proof. Revenue from the revisor's fee shall be deposited in the general fund.

Sec. 61. Minnesota Statutes 1986, section 3C.12, subdivision 7, is amended to read:

Subd. 7. [SALE PRICE.] The revisor shall fix the a reasonable sale price of an edition of Minnesota Statutes, supplement to Minnesota Statutes, or edition of Laws of Minnesota according to the limits of this subdivision. The sale price for a newly published edition of Minnesota Statutes is the actual cost of composition, printing, binding, and distribution of all books ordered, but not less than \$75. The sale prices of each newly published edition of the Laws of Minnesota and supplement to Minnesota Statutes are not less than the actual cost of composition, printing, binding, and distribution of all books ordered, but not less than \$10. Revenue from the sale of the Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota must be deposited in the revisor's account general fund.

Sec. 62. [5.23] [TRANSACTION SURCHARGE.]

The secretary of state may impose a surcharge of \$2 on each transaction that takes place at the office of the secretary of state.

Sec. 63. Minnesota Statutes 1986, section 8.15, is amended to read:

8.15 [ATTORNEY GENERAL COSTS.]

The attorney general in consultation with the commissioner of finance shall assess executive branch agencies the cost of a fee for legal services rendered to them. The assessment against appropriations from other than the general fund must be the full amount of the cost fee. The assessment against appropriations supported by fees must be included in the fee calculation. Unless appropriations are made for these fee supported costs, no payment by the agency is required. ~~The assessment against appropriations from the general fund not supported by fees must be one-fourth of the cost.~~ Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 64. Minnesota Statutes 1986, section 14.07, subdivision 1, is amended to read:

Subdivision 1. [RULE DRAFTING ASSISTANCE PROVIDED.]

(a) The revisor of statutes shall:

(1) maintain an agency rules drafting department to draft or aid in the drafting of rules or amendments to rules for any agency in accordance with subdivision 3 and the objective or other instructions which the agency shall give the revisor; and,

(2) prepare and publish an agency rules drafting guide which shall set out the form and method for drafting rules and amendments to rules, and to which all rules shall comply.

(b) The revisor shall assess an agency for the actual cost of providing aid in drafting rules or amendments to rules. The agency shall pay the assessment using the procedures of section 3C.056. Each agency shall include in its budget money to pay the revisor's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the revisor's account.

(c) An agency may not contract with an attorney, consultant, or other person either to provide rule drafting services to the agency or to advise on drafting unless the revisor determines that special expertise is required for the drafting and the expertise is not available from the revisor or the revisor's staff.

Sec. 65. Minnesota Statutes 1986, section 14.07, subdivision 2, is amended to read:

Subd. 2. [APPROVAL OF FORM.] No agency decision to adopt a rule or emergency rule, including a decision to amend or modify a proposed rule or proposed emergency rule, shall be effective unless the agency has presented the rule to the revisor of statutes and the revisor has certified that its form is approved. The revisor shall assess an agency for the actual cost of processing rules for consideration for approval of form. The assessments must include necessary costs to create or modify the computer data base of the text of a rule and the cost of putting the rule into the form established by the drafting guide provided for in subdivision 1. The agency shall pay the assessments using the procedures of section 3C.056. Each agency shall include in its budget money to pay revisor's assessments. Receipts from the assessments must be deposited in the state treasury and credited to the revisor's account.

Sec. 66. Minnesota Statutes 1986, section 14.08, is amended to read:

#### 14.08 [REVISOR OF STATUTE'S APPROVAL OF RULE FORM.]

(a) Two copies of a rule adopted pursuant to the provisions of section 14.26 or 14.32 shall be submitted by the agency to the attorney general. The attorney general shall send one copy of the rule to the revisor on the same day as it is submitted by the agency under section 14.26 or 14.32. Within five days after receipt of the rule, excluding weekends and holidays, the revisor shall either return the rule with a certificate of approval of the form of the rule to the attorney general or notify the attorney general and the agency that the form of the rule will not be approved.

If the attorney general disapproves a rule, the agency may modify it and the agency shall submit two copies of the modified rule to the attorney general who shall send a copy to the revisor for approval as to form as described in this paragraph.



(b) One copy of a rule adopted after a public hearing shall be submitted by the agency to the revisor for approval of the form of the rule. Within five working days after receipt of the rule, the revisor shall either return the rule with a certificate of approval to the agency or notify the agency that the form of the rule will not be approved.

(c) If the revisor refuses to approve the form of the rule, the revisor's notice shall revise the rule so it is in the correct form.

(d) The attorney general and the revisor of statutes shall assess an agency for the actual cost of processing rules under this section. The agency shall pay the revisor's assessments using the procedures of section 3C.056. Each agency shall include in its budget money to pay the revisor's and the attorney general's assessments. Receipts from the assessment must be deposited in the state treasury and credited to the revisor's account or the general fund as appropriate.

Sec. 67. Minnesota Statutes 1986, section 14.47, subdivision 8, is amended to read:

Subd. 8. [SALES AND DISTRIBUTION OF COMPILATION.] Any compilation, reissue, or supplement published by the revisor shall be sold by the revisor for a reasonable fee and its proceeds deposited in the revisor's account general fund. An agency shall purchase from the revisor the number of copies of the compilation or supplement needed by the agency. The revisor shall provide without charge copies of each edition of any compilation, reissue, or supplement to the persons or bodies listed in this subdivision. Those copies must be marked with the words "State Copy" and kept for the use of the office. The revisor shall distribute:

(a) 25 copies to the office of the attorney general;

(b) 12 copies for the legislative commission for review of administrative rules;

(c) 3 copies to the revisor of statutes for transmission to the Library of Congress for copyright and depository purposes;

(d) 150 copies to the state law library;

(e) 10 copies to the law school of the University of Minnesota; and

(f) one copy of any compilation or supplement to each county library maintained pursuant to section 134.12 upon its request, except in counties containing cities of the first class. If a county has not established a county library pursuant to section 134.12, the copy will be provided to any public library in the county upon its request.

Sec. 68. Minnesota Statutes 1986, section 15.01, is amended to read:

**15.01 [DEPARTMENTS OF THE STATE.]**

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of education; the department of jobs and training; the department of energy and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; the department of public service; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 69. Minnesota Statutes 1986, section 15.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to the following departments or agencies: the departments of administration, agriculture, commerce, corrections, jobs and training, education, employee relations, energy and economic development, finance, health, human rights, labor and industry, natural resources, public safety, public welfare, revenue, transportation, and veterans affairs; the housing finance, state planning, and pollution control agencies; the office of commissioner of iron range resources and rehabilitation; the bureau of mediation services; and their successor departments and agencies. The heads of the foregoing departments or agencies are referred to in this section as "commissioners."

Sec. 70. Minnesota Statutes 1986, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Salary Range Effective July 1, 1983
Commissioner of education;	\$57,500-\$70,000
Commissioner of finance;	
Commissioner of transportation;	
Commissioner of human services;	
Executive director, state board of investment;	
Commissioner of administration;	\$50,000-\$60,000

Commissioner of agriculture;  
 Commissioner of commerce;  
 Commissioner of corrections;  
 Commissioner of jobs and training;  
 Commissioner of employee relations;  
 Commissioner of energy and economic  
 development;  
 Commissioner of health;  
 Commissioner of labor and industry;  
 Commissioner of natural resources;  
 Commissioner of revenue;  
 Commissioner of public safety;  
 Chair, waste management board;  
 Chief administrative law judge;  
     office of administrative hearings;  
 Director, pollution control agency;  
 Director, state planning agency;  
 Executive director, housing finance agency;  
 Executive director, public employees  
     retirement association;  
 Executive director, teacher's retirement  
     association;  
 Executive director, state retirement system;  
 Chair, metropolitan council;  
 Chair, regional transit board;  
 Coordinator of full productivity and  
     opportunity;  
 Commissioner of human rights;                     \$40,000-\$52,500  
 Director, department of public service;  
 Commissioner of veterans' affairs;  
 Director, bureau of mediation services;  
 Commissioner, public utilities commission;  
 Member, transportation regulation board.

Sec. 71. Minnesota Statutes 1986, section 16A.127, subdivision 8, is amended to read:

Subd. 8. [EXEMPTION.] This section does not apply to the community college system, state universities, or the state board of vocational technical education. Except for federal funds, this section does not apply to the department of natural resources for agency indirect costs.

Sec. 72. Minnesota Statutes 1986, section 16A.85, is amended by adding a subdivision to read:

Subd. 6. [BUDGET OFFSET.] The commissioner of finance shall reduce the operating budgets of state agencies that use the master

lease program. The amount of the reduction is the difference between the budgeted purchase price of the equipment and the actual master lease payments.

Sec. 73. Minnesota Statutes 1986, section 16B.20, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] A small business procurement advisory council is created. The council consists of 13 members appointed by the commissioner of administration. A chair of the advisory council shall be elected from among the members. The appointments are subject to the appointments program provided by section 15.0597. The terms and removal of members are as provided in section 15.059, but members do not receive per diem or expenses.

Sec. 74. Minnesota Statutes 1986, section 16B.41, is amended to read:

16B.41 [STATE INFORMATION SYSTEMS ADVISORY TASK FORCE MANAGEMENT OFFICE.]

The commissioner may appoint a state information systems advisory task force to help the department develop and coordinate a state information services master plan and make recommendations to the commissioner concerning the progress, direction, and needs of the state's computerization effort. The task force expires and the terms, compensation, and removal of members are as provided in section 15.059.

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] An office of information systems management is created. The office shall develop and establish a policy and standards for state agencies to follow for the development, purchase, and training for information systems. The purpose of the office is to develop, promote, and coordinate a state technology, architecture, standards and guidelines, information needs analysis techniques, contracts for the purchase of equipment and services, and training of state agency personnel on these issues.

Subd. 2. [RESPONSIBILITIES.] The office has the following duties:

(a) The office must develop and establish a state information architecture to ensure that further state agency development and purchase of information systems equipment and software is directed in such a manner that individual agency information systems complement and do not needlessly duplicate or needlessly conflict with the systems of other agencies. The development of this information architecture must include the establishment of standards and guidelines to be followed by state agencies. The commissioner of administration must establish interim standards and guidelines by

August 1, 1987. The office must establish permanent standards and guidelines by July 1, 1988. On January 1, 1988, and every six months thereafter, any state agency that has purchased information systems equipment or software in the past six months, or that is contemplating purchasing this equipment or software in the next six months, must report to the office and to the chairs of the house appropriations committee and the senate finance committee on how the purchases or proposed purchases comply with the applicable standards and guidelines.

(b) The office shall assist state agencies in the planning and management of information systems so that an individual information system reflects and supports the state agency's and the state's mission, requirements, and functions.

(c) Beginning July 1, 1988, the office must review and approve all agency requests for legislative appropriations for the development or purchase of information systems equipment or software. Requests may not be included in the governor's budget submitted to the legislature, beginning with the budget submitted in January, 1989, unless the office has approved the request.

(d) Each biennium the office must rank in order of priority agency requests for new appropriations for development or purchase of information systems equipment or software. The office must submit this ranking to the legislature at the same time, or no later than 14 days after, the governor submits the budget message to the legislature.

(e) Beginning July 1, 1989, the office must define, review, and approve major purchases of information systems equipment to (1) ensure that the equipment follows the standards and guidelines of the state information architecture; (2) ensure that the equipment is consistent with the information management principles adopted by the information policy council; (3) evaluate whether or not the agency's proposed purchase reflects a cost-effective policy regarding volume purchasing; and (4) ensure the equipment is consistent with other systems in other state agencies so that data can be shared among agencies, unless the office determines that the agency purchasing the equipment has special needs justifying the inconsistency. The commissioner of finance may not allot funds appropriated for major purchases of information systems equipment until the office reviews and approves the proposed purchase.

(f) The office shall review the operation of information systems by state agencies and provide advice and assistance so that these systems are operated efficiently and continually meet the standards and guidelines established by the office.

Subd. 3. The office shall function as a division of the department of administration until June 30, 1988. Effective July 1, 1988, the

office and all of its responsibilities are transferred to the state planning agency under section 15.039. The commissioner of administration shall appoint an interim office director and other interim staff and provide the necessary administrative support to the office. The employees and director shall serve in the unclassified service through June 30, 1988. On July 1, 1988, the employee positions established by this section, except the position of director, shall be placed in the classified service. The position of director shall remain in the unclassified service. After July 1, 1988, the director of the state planning agency is responsible for these duties and for appointing the employees and the task force.

Subd. 4. [ADVISORY TASK FORCE.] The commissioner may must appoint a state information systems advisory task force to help the department develop and coordinate a state information services master plan architecture that is consistent with the information management direction developed by the information policy council, and make recommendations to the commissioner concerning the progress, direction, and needs of the state's computerization effort information systems. The task force must include representatives of state agencies, the supreme court, higher education systems, librarians, and private industry. The task force must also have two members of the house of representatives appointed by the speaker of the house and two members of the senate appointed by the senate committee on committees. No more than one member from the house of representatives and one from the senate shall be chosen from the same political party. The task force expires and the terms, compensation, and removal of nonlegislative members are as provided in section 15.059.

Sec. 75. Minnesota Statutes 1986, section 16B.42, subdivision 4, is amended to read:

Subd. 4. [FUNDING.] Appropriations and other funds made available to the council for staff, operational expenses, and grants must be administered through the department of administration. Fees charged to local units of government for the administrative costs of the council and revenues derived from royalties, reimbursements, or other fees from software programs, systems, or technical services arising out of activities funded by current or prior state appropriations must be credited to an account in the special revenue fund and are appropriated to the council for the purposes enumerated in subdivision 2. General fund appropriations for the council may also be credited by the commissioner of administration to the account in the special revenue fund. The unencumbered balance of an appropriation for grants in the first year of a biennium does not cancel but is available for the second year of the biennium.

Sec. 76. [43A.316] [PUBLIC EMPLOYEES INSURANCE PLAN.]

Subdivision 1. [INTENT.] The legislature finds that the creation of a statewide plan to provide public employees and other eligible

persons with life insurance and hospital, medical, and dental benefit coverage through provider organizations would result in a greater utilization of government resources and would advance the health and welfare of the citizens of the state.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) [COMMISSIONER.] "Commissioner" means the commissioner of the department 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 employer approved by the commissioner.

(c) [ELIGIBLE EMPLOYER.] "Eligible employer" means

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120.02, educational cooperative service unit as defined in section 123.58, intermediate district as defined in section 136C.02, subdivision 7, cooperative center for vocational education as defined in section 123.351, regional management information center as defined in section 121.935, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b); or

(3) another public employer approved by the commissioner.

(d) [EXCLUSIVE REPRESENTATIVE.] "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) [LABOR-MANAGEMENT COMMITTEE.] "Labor-management committee" means the committee established by subdivision 4.

(f) [PLAN.] "Plan" means the statewide public employees insurance plan created by subdivision 3.

Subd. 3. [PUBLIC EMPLOYEE INSURANCE PLAN.] There is created the "public employee insurance plan." The commissioner shall be the administrator of the plan. The commissioner shall model the plan after the plan established in section 43A.18, subdi-

vision 2, but may modify that plan, in consultation with the labor management committee.

Subd. 4. [LABOR-MANAGEMENT COMMITTEE.] There is created a labor-management committee of ten members appointed by the commissioner. The labor-management committee shall consist of five members who represent employees, including at least one retired employee, and five members who represent eligible employers. The commissioner shall consult with the labor-management committee in major decisions that affect the plan. The committee shall study issues relating to the insurance plan including, but not limited to, flexible benefits; utilization review, quality assessment, and cost efficiency.

Subd. 5. [PUBLIC EMPLOYEE PARTICIPATION.] Participation in the plan is subject to the conditions in this subdivision.

(a) Each exclusive representative for an eligible employer determines whether the employees it represents shall participate in the plan. The exclusive representative must give the employer notice of intent to participate at least 90 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the plan. The exclusive representative and the eligible employer shall give notice to the commissioner of the determination to participate in the plan at least 90 days prior to entry into the plan. Entry into the plan shall be according to a schedule established by the commissioner.

(b) Employees not represented by exclusive representatives may become members of the plan upon a determination of an eligible employer to include these employees in the plan. Either all or none of the employer's unrepresented employees must participate. The eligible employer shall give at least 90 days' notice to the commissioner prior to entering the plan. Entry into the plan shall be according to a schedule established by the commissioner.

(c) Participation in the plan shall be 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, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least 90 days prior to expiration of the participation period. A group that withdraws must wait two years before rejoining.

(d) The exclusive representative shall give the employer notice of intent to withdraw at least 90 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.



(e) Each participating eligible employer shall notify the commissioner of names of individuals who will be participating within two weeks of the commissioner receiving notice of the parties' intent to participate. The employer must also submit other information as required by the commissioner for administration of the plan.

Subd. 6. [COVERAGE.] By January 1, 1989, the commissioner shall announce the benefits of the plan. The plan shall include employee hospital, medical, dental, and life insurance for employees and hospital and medical benefits for dependents. Health maintenance organization options and other delivery system options shall be provided if they are available, cost effective, and capable of servicing the number of people covered in the plan. Participation in optional coverages may be provided by collective bargaining agreements. For employees not represented by an exclusive representative, the employer may offer the optional coverages to eligible employees and their dependents provided in the plan.

Subd. 7. [PREMIUMS.] The proportion of premium paid by the employer and employee is subject to collective bargaining. Premiums, including an administration fee, shall be established by the commissioner. Each eligible employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 8 to the commissioner on or before the dates established by the commissioner. Failure to pay may result in cancellation of the benefits.

Subd. 8. [CONTINUATION OF COVERAGE.] (a) A participating employee who is laid off or is on unrequested leave may elect to continue the plan coverage. This coverage is at the expense of the employee unless otherwise provided by a collective bargaining agreement. Premiums for these employees shall be established by the commissioner. Coverage continues until one of the following occurs:

(1) the employee is reemployed and eligible for health care coverage under a group policy; or

(2) the insurance continuation periods required by state and federal laws expire.

(b) A participating employee who retires and is receiving an annuity or is eligible for and has applied for an annuity under chapter 352, 352B, 352C, 352D, 353, 354, 354A, 356, 422A, 423, 423A, 424, or 490 is eligible to continue participation in the plan. An employer shall notify an employee of this option no later than the effective date of retirement. The retired employee shall notify the employer within 30 days of the effective date of retirement of intent to exercise this option.

The spouse of a deceased retired employee may purchase the benefits provided at premiums established by the commissioner if the deceased retired employee received an annuity under chapter 352, 353, 354, 354A, 356, 422A, 423, 423A, or 424 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 paragraph shall be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The plan benefits shall 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 paragraphs (a) to (c) shall notify the eligible employer or former employer of intent to participate according to rules established by the commissioner. The eligible employer shall notify the commissioner, and coverage shall begin as soon as the commissioner permits.

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Subd. 9. [INSURANCE TRUST FUND.] An insurance trust fund is established in the state treasury. The deposits consist of the premiums received from employers participating in the plan. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund shall be credited to the fund.

Sec. 77. Minnesota Statutes 1986, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] The amount of state aid available for apportionment shall be two percent of the fire, lightning, sprinkler leakage and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report and two percent of the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The amount for apportionment in respect to firefighter's state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to police state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the police relief associations. The amount for apportionment in respect to police state aid shall be distributed to the municipalities maintaining police departments and to the county on the basis of the number of active peace officers, as certified pursuant to section 69.011, subdivision 2, clause (b). The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

Sec. 78. Minnesota Statutes 1986, section 84.01, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of Laws 1969, chapter 1129, and to other applicable laws the commissioner shall organize the department and employ ~~two~~ three assistant commissioners, ~~both~~ each of whom shall serve at the pleasure of the commissioner in the unclassified service, one of whom shall have responsibility for coordinating and directing the planning of every division within the agency, and such other officers, employees, and agents as the commissioner may deem necessary to discharge the functions of the department, define the duties of such officers, employees, and agents and to delegate to them any of the commissioner's powers, duties, and responsibilities subject to the control of, and under the conditions prescribed by, the commissioner. Appointments to exercise delegated power shall be by written order filed with the secretary of state.

Sec. 79. [84.0855] [SPECIAL RECEIPTS; APPROPRIATION.]

Money received by the commissioner of natural resources as fees for seminars or workshops, for the sale of publications, maps, or to buy supplies for the use of volunteers, may be credited to one or more special accounts in the state treasury and is appropriated to the commissioner for the purposes for which the money was received.

Sec. 80. [84.0881] [FLEET MANAGEMENT ACCOUNT.]

The commissioner of natural resources may bill organizational units within the department of natural resources for the costs of providing them with equipment. Costs billed may include acquisition, licensing, insurance, maintenance, repair, and other direct costs as determined by the commissioner. Receipts and interest earned on these receipts shall be credited to a special account in the state treasury and are appropriated to the commissioner to pay the costs for which the billings were made.

Sec. 81. Minnesota Statutes 1986, section 84.091, subdivision 3, is amended to read:

Subd. 3. [LICENSE FEES.] (a) The fees for the following licenses, to be issued to residents only, are:

- (1) for harvesting wild rice, ~~\$10~~ \$12.50;
- (2) for buying and selling wild ginseng, \$5;
- (3) for a wild rice dealer's license to buy and sell 50,000 pounds or less, \$70; and
- (4) for a wild rice dealer's license to buy and sell more than 50,000 pounds, \$250.

(b) The weight of the wild rice shall be determined in its raw state.

Sec. 82. Minnesota Statutes 1986, section 84.83, subdivision 3, is amended to read:

Subd. 3. [PURPOSES FOR THE ACCOUNT.] The money deposited in the account and interest earned on that money may be expended only as appropriated by law for the following purposes:

- (1) For a grant-in-aid program to counties and municipalities for construction and maintenance of snowmobile trails;
- (2) For acquisition, development and maintenance of state recreational snowmobile trails;
- (3) For snowmobile safety programs; and
- (4) For the administration and enforcement of sections 84.81 to 84.90.

Sec. 83. [84.961] [PRAIRIE LAND MANAGEMENT.]

Subdivision 1. [NATIVE PRAIRIE VALUES.] The commissioner of natural resources must recognize the value of native prairie land by taking into consideration the wildlife, scientific, erosion control, educational, and recreational benefits of native prairie.

Subd. 2. [PLANNING.] The commissioner must plan for management, development, and restoration of:

- (1) prairie land under the commissioner's jurisdiction; and

(2) prairie landscape reserves, comprised of an integrated network of protected prairie lands, prairie restoration sites, and private prairie lands.

Subd. 3. [PRAIRIE LANDSCAPE RESERVES.] The commissioner must develop and manage permanent prairie landscape reserves to maintain the native plant and animal populations, landscape features, and habitat types that are characteristic of intact native prairie ecosystems. Management practices may include haying and grazing.

Subd. 4. [PRAIRIE BIOLOGIST.] The position of prairie biologist is established in the department of natural resources to plan, develop, and manage native prairie reserves and prairie land under this section. The prairie biologist shall be located within the central part of the prairie region and be under the supervision of the scientific and natural areas program.

Sec. 84. [84.963] [PRAIRIE PLANT SEED PRODUCTION AREAS.]

The commissioner of natural resources shall study the feasibility of establishing private or public prairie plant seed production areas within prairie land locations. If prairie plant seed production is feasible, the commissioner may aid the establishment of production areas. The commissioner may enter cost-share or sharecrop agreements with landowners having easements for conservation purposes of ten or more years on their land to commercially produce prairie plant seed of Minnesota origin. The commissioner may only aid prairie plant seed production areas on agricultural land used to produce crops before December 23, 1985, and cropped three out of five years between 1981 and 1985.

Sec. 85. Minnesota Statutes 1986, section 85.30, is amended to read:

85.30 [STATE PARK MAINTENANCE FUND.]

Any balance remaining in the state park finance fund after all the obligations and appropriations hereinbefore made payable therefrom have been met shall be transferred to the state park maintenance fund. Interest earned on money in the state park maintenance fund accrues to the fund and is available for expenditure upon appropriation.

Sec. 86. Minnesota Statutes 1986, section 85.41, is amended to read:

85.41 [USER FEES.]

Subdivision 1. [ON PERSON.] While skiing on cross country ski trails, a person between the ages of 16 and 64 years shall carry in immediate possession a valid cross country ski license pass. A landowner who grants an easement for a grant-in-aid ski trail is not required to have a license pass when skiing on the landowner's property.

Subd. 2. [LICENSE AGENTS.] County auditors are appointed agents of the commissioner for the sale of annual cross country ski licenses and daily permits passes. A county auditor may appoint subagents within the county or within adjacent counties to sell licenses and permits passes. Upon appointment the auditor shall notify the commissioner of the name and address of the subagent. The auditor may revoke the appointment of a subagent at any time. Upon demand of the commissioner, the auditor shall revoke a subagent's appointment. The auditor shall furnish license and permit pass blanks on consignment to any subagent who furnishes a surety bond in favor of the county in an amount at least equal to the value of the blanks to be consigned to that subagent. The county auditor shall be responsible for all blanks issued to, and user fees received by agents, except in St. Louis county or in a county where the county auditor does not retain fees paid for license purposes. In these counties, the responsibilities imposed upon the county auditor are imposed upon the county. The commissioner may promulgate additional rules pursuant to section 98.50 97A.485, subdivision 2 11.

Any resident desiring to sell annual cross country ski licenses and daily permits passes may either purchase for cash or obtain on consignment license and permit pass blanks from a county auditor in groups of not less than ten individual blanks. In selling licenses passes, the resident shall be deemed a subagent of the county auditor and the commissioner, and shall observe all rules promulgated by the commissioner for the accounting and handling of licenses pursuant to section 98.50 97A.485, subdivision 4 11.

The county auditor shall promptly deposit all monies received from the sale of licenses and permits passes with the county treasurer, and shall promptly transmit any reports required by the commissioner, plus 96 percent of the price to each annual licensee pass holder, exclusive of the issuing fee, for each annual license pass sold or consigned by the auditor and subsequently sold to a licensee pass holder during the accounting period. The county auditor shall retain as a commission four percent of all annual license pass fees, excluding the issuing fee for licenses passes consigned to subagents and the issuing fee on passes sold by the auditor to pass holders.

Unsold blanks in the hands of any subagent shall be redeemed by the commissioner if presented for redemption within the time prescribed by the commissioner. Any blanks not presented for redemption within the period prescribed shall be conclusively pre-

sumed to have been sold, and the subagent possessing the same or to whom they are charged shall be accountable.

Subd. 3. [EXEMPTIONS.] Participants in cross country ski races and official school activities and residents of a state or local government operated correctional facility are exempt from the license pass requirement in subdivision 1 if a special use permit has been obtained by the organizers of the event or those in an official capacity in advance from the agency with jurisdiction over the cross country ski trail. Permits shall require that permit holders return the trail and any associated facility to its original condition if any damage is done by the permittee. Limited permits for special events 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. [FORM.] The department shall provide forms and blanks to all agents authorized to issue licenses and daily permits passes by the commissioner. The daily permit shall attach to the skier's clothing to visibly identify the holder as a licensed skier, and be easily transferable from garment to garment by means of a device prescribed by the commissioner in consultation with the advisory task force. The annual license pass shall be with the skier and a sticker shall be placed on the skier's ski poles to identify the holder as a licensed skier available for inspection by any peace or conservation officer. The license and permit pass shall include the applicant's name and other information deemed necessary by the commissioner.

Subd. 5. [AGENT'S FEE.] The fee for an annual a cross country ski license and a daily permit pass shall be increased by the amount of an issuing fee of 50 cents per license pass. The issuing fee may be retained by the seller of the license or permit pass. A license or permit pass shall indicate the amount of the fee that is retained by the seller. This subdivision does not apply to any license or permit pass sold by the state.

Sec. 87. Minnesota Statutes 1986, section 85.42, is amended to read:

85.42 [USER FEE.]

The fee for an annual cross country ski license pass is \$5 for an individual license pass, or \$7.50 for a combination husband and wife license pass. The fee for a three-year pass is \$14 for an individual pass or \$21 for a combination husband and wife pass. This fee shall be collected at the time the license pass is purchased. Three-year passes are valid for three years beginning the previous July 1. Annual licenses passes are valid from for one year beginning the previous July 1 through June 30 of the following year. Licenses Passes are not transferable.

The cost for a daily cross country skier permit pass is \$1. This fee shall be collected at the time the permit pass is purchased. The daily permit pass is valid only for the date designated on the permit pass form.

Sec. 88. Minnesota Statutes 1986, section 85.43, is amended to read:

85.43 [DISPOSITION OF RECEIPTS; PURPOSE.]

Fees from cross country ski licenses and permits passes shall be deposited in the state treasury and credited to a cross country ski account and may be expended only as appropriated by law for:

(a) grants-in-aid for cross country ski trails sponsored by local units of government and special park districts as provided in section 85.44; and

(b) maintenance, winter grooming, and associated administrative costs for cross country ski trails under the jurisdiction of the commissioner.

Sec. 89. Minnesota Statutes 1986, section 85.45, is amended to read:

85.45 [PENALTY.]

No person may ski on a public cross country ski trail, including a grant-in-aid cross country ski trail, without a valid annual cross country ski license or daily permit pass. Effective July 1, 1984, any person who violates the provision of this section is guilty of a petty misdemeanor. Any person who violates the provisions of this section before July, 1984, shall be issued a warning statement.

Sec. 90. Minnesota Statutes 1986, section 85A.04, subdivision 1, is amended to read:

Subdivision 1. [DEPOSIT.] All receipts from the operation of the Minnesota zoological garden shall be deposited in the state treasury and credited to a zoo fund, and are appropriated to the board for the operation of the Minnesota zoological garden. All interest and profits accruing from investment of the zoo fund's money shall be credited to and be a part of the zoo fund, and any loss incurred in the principal of the investments of the zoo fund shall be borne by the zoo fund. Investment of zoo fund money will be in accordance with section 11A.24.

Sec. 91. [PURPOSES.]



The legislature finds that the weed lythrum salicaria (purple loosestrife) has harmful environmental effects and is expanding into protected wetland areas, river valleys, and wildlife areas with the potential to destroy the reasons these areas are protected. The legislature further finds that lythrum salicaria interferes with the natural productivity of fish, wildlife, and native plants, and it has the potential to affect the cleaning of draining systems and wild rice production.

The legislature therefore finds that it is necessary to establish a comprehensive control program involving several state agencies with the commissioner of natural resources coordinating the overall effort.

Sec. 92. [86.78] [CONTROL OF LYTHRUM SALICARIA.]

Subdivision 1. The commissioner of natural resources, using existing authority, shall coordinate a control program to curb the growth of lythrum salicaria in areas of the state where it is a problem. The commissioners of agriculture and transportation must aid and cooperate with the commissioner of natural resources to establish, implement, and enforce the control program.

At a minimum, the control program must:

(1) provide for control on lands under the jurisdiction of the commissioner of natural resources;

(2) provide for control in public waters, as defined in section 105.37, subdivision 14;

(3) provide for control along highway rights-of-way;

(4) evaluate efficiency of control and any associated environmental impact;

(5) conduct a comprehensive public information and education program;

(6) continually monitor and inventory the distribution of lythrum salicaria throughout the state; and

(7) restore the funding of field operations for weed eradication conducted by the commissioner of agriculture.

Subd. 2. The commissioner of natural resources, with the cooperation of the commissioners of agriculture and transportation, must report every two years, beginning September 1, 1989, to the legislative commission on Minnesota resources on expenditures to control lythrum salicaria and progress on curbing its growth in the

state. In the report required on September 1, 1991, the commissioner must make a recommendation on whether the program coordinator position is still necessary and, if so, why.

Subd. 3. The commissioner of agriculture may adopt emergency and permanent rules in order to designate lythrum salicaria as a noxious weed. Emergency rules adopted shall remain valid until permanent rules are established.

Sec. 93. Minnesota Statutes 1986, section 88.065, is amended to read:

88.065 [EQUIPMENT FURNISHED.]

Subject to applicable provisions of state laws respecting purchases, the commissioner of natural resources may purchase for and furnish to any governmental subdivisions of the state authorized to engage in forest fire prevention or suppression materials or equipment therefor, and may transport, repair and renovate forest fire prevention and suppression materials and equipment for governmental subdivisions of the state. The commissioner may use any funds available for the purchase of forest fire prevention or suppression equipment or for its repair, transportation and renovation under federal grants, if permitted by the terms thereof, or under state appropriations, unless otherwise expressly provided. Except as otherwise authorized or permitted by federal or state laws or regulations, the governmental subdivision receiving any such materials or ~~equipment or repair or renovation~~ services shall reimburse the state for the cost. All moneys received in reimbursement shall be credited to the fund from which the purchase, transportation, repair, or renovation was made, and are hereby reappropriated annually and shall be available for the same purpose as the original appropriation.

Sec. 94. [88.122] [BALANCES TO CARRY FORWARD FOR EMERGENCY FIRE FIGHTING.]

Notwithstanding any other law, general fund balances for appropriations made to the department of natural resources for the first year of the biennium shall not cancel but are available for the second year of the biennium. Appropriations carried forward as authorized by this section shall be used only for emergency fire fighting purposes.

Sec. 95. Minnesota Statutes 1986, section 88.17, subdivision 2, is amended to read:

Subd. 2. In any prosecution under sections 88.03 to 88.22 for unlawfully starting or setting or having or permitting the continuation or spread of any fire or backfire, proof upon the part of the prosecution that such fire or backfire originated upon, or was

permitted to burn upon, or that it spread from, lands or premises occupied by the person charged with the offense, and that this person had knowledge of the fire and made no effort to put it out, shall be prima facie evidence of guilt. ~~The burden of proof as to any matter in refutation of this prima facie guilt, or in extenuation or excuse, shall be and rest upon the person so appearing prima facie to be guilty.~~

Sec. 96. Minnesota Statutes 1986, section 88.75, subdivision 1, is amended to read:

Subdivision 1. Any person who violates any of the provisions of sections 88.03 to 88.22 for which no specific penalty is therein prescribed shall be guilty of a misdemeanor and be punished accordingly.

Failure by any person to comply with any provision or requirement of sections 88.03 to 88.22 to which such person is subject shall be deemed a violation thereof.

Any person who violates any provisions of sections 88.03 to 88.22, in addition to any penalties therein prescribed, or hereinbefore in this section prescribed, for such violation, shall also be liable in full damages to any and every person suffering loss or injury by reason of such violation, including liability to the state, and any of its political subdivisions, for all expenses incurred in fighting or preventing the spread of, or extinguishing, any fire caused by, or resulting from, any violation of these sections. All expenses so collected by the state shall be returned to, and deposited in, the original fund from which the expenses were paid and are available for expenditure for the purposes for which the funds were originally appropriated. When a fire set by any person spreads to and damages or destroys property belonging to another, the person setting the fire shall be prima facie guilty evidence of negligence in setting and allowing the same to spread.

At any time the state, or any political subdivision thereof, either of its own motion, or at the suggestion or request of the director, may bring an action in any court of competent jurisdiction to restrain, enjoin, or otherwise prohibit any violation of sections 88.03 to 88.22, whether therein described as a crime or not, and likewise to restrain, enjoin, or prohibit any person from proceeding further in, with, or at any timber cutting or other operations without complying with the provisions of those sections, or the requirements of the director pursuant thereto; and the court may grant such relief, or any other appropriate relief, whenever it shall appear that the same may prevent loss of life or property by fire, or may otherwise aid in accomplishing the purposes of sections 88.03 to 88.22.

Sec. 97. Minnesota Statutes 1986, section 88.76, is amended to read:

## 88.76 [REWARDS.]

Upon conviction of any person for violating any of the provisions of sections 88.03 to 88.22, the director may pay, from any money placed at the director's disposal under those sections, a reward of not more than ~~\$25~~ \$100 to the person or persons giving the information leading to such conviction.

Sec. 98. Minnesota Statutes 1986, section 88.79, subdivision 2, is amended to read:

Subd. 2. [~~CHARGE FOR SERVICE; RECEIPTS TO GENERAL FOREST MANAGEMENT FUND.~~] The commissioner of natural resources may charge the owner receiving such services such sums as the commissioner shall determine to be fair and reasonable. The receipts from such services shall be deposited in the general forest management fund.

## Sec. 99. [89.016] [FOREST CAMPGROUNDS.]

The commissioner must hold a public meeting before closing a campground in a state forest. The public meeting must be held near the state forest where the campground is to be closed.

Sec. 100. Minnesota Statutes 1986, section 89.04, is amended to read:

## 89.04 [FOREST MANAGEMENT FUND.]

Subdivision 1. [FUND ESTABLISHED; SOURCES.] The forest management fund is created as an account in the state treasury and may be spent only for the purposes provided in subdivision 2. The following revenue shall be deposited in the forest management fund:

(a) Money transferred from the state forest fund as provided in section 89.036;

(b) Money transferred from the state forest suspense account as provided in section 16A.125, subdivision 5, which may be appropriated to implement the state forest resource management policy and plan only on state forest trust fund lands as defined in section 16A.125, subdivision 5;

(c) Money from the sale of tree planting stock as provided in section 89.37, subdivision 4; ~~and~~

(d) Money from forest management services provided under section 88.79; and

~~(d)~~ (e) Interest accruing from investment of the fund.

Subd. 2. [PURPOSES OF FUND.] Subject to appropriation by the legislature, money in the forest management fund may be spent by the department of natural resources in accordance with the forest resource management policy and plan for any of the following purposes:

(a) Reforestation consistent with the state reforestation policy and forest resource management plan;

(b) Forest road improvements consistent with the state forest road policy and forest resource management plan;

(c) Equipment and training needed for the prevention and suppression of forest fires;

(d) Forest pest prevention and treatment;

(e) Forest management services authorized by section 88.79.

Sec. 101. Minnesota Statutes 1986, section 92.46, subdivision 1, is amended to read:

#### 92.46 [LANDS AS CAMPGROUNDS.]

Subdivision 1. [PUBLIC CAMPGROUNDS.] (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 campgrounds. 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 the director 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, and 1990, 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 is hereby appropriated to survey, appraise, and pay associated selling costs of lots as required in section 92.67, subdivision 3. The money appropriated may not be used to pay the cost of surveying lots not scheduled for sale. Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling costs of lots, as required in section 92.67, shall be deposited in the permanent school trust fund. The commissioner shall add to the appraised value of any lot offered for sale the costs of surveying, appraising, and selling the lot, and shall deposit the costs recovered in the permanent school fund and any other contributing funds in proportion to the contribution from each fund. Notwithstanding section 92.67, subdivision 4, as to requests for sale of lakeshore lots received before January 1, 1987, the commissioner shall hold the sale before October 31, 1987, if possible, and, if not possible, the lots shall be offered for sale at the next sale in the succeeding year.

Sec. 102. Minnesota Statutes 1986, section 92.67, subdivision 1, is amended to read:

Subdivision 1. [SALE REQUIREMENT.] Notwithstanding section 92.45 or any other law, 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.

Sec. 103. Minnesota Statutes 1986, section 92.67, subdivision 4, is amended to read:

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;

(3) notwithstanding clause (2), the commissioner may offer a lot for sale in the year the request is received if the commissioner will offer for sale in that year other lots platted with the late requested lot.

(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.

Sec. 104. Minnesota Statutes 1986, section 92.67, is amended by adding a subdivision to read:

Subd. 5a. [ADDING LANDS; ZONING CONFORMANCE.] Whenever possible, the commissioner may add trust fund lands to the lots offered for sale to provide conformance with zoning requirements. The added lands must be included in the appraised value of the lot.

Sec. 105. [93.221] [MINERAL LEASE ACCOUNT.]

The mineral lease account is created as an account in the state treasury for disposal of certain mineral lease money. Interest accruing from investment of the account remains with the account. Money in the mineral lease account is appropriated to the commissioner of natural resources for mineral diversification.

Sec. 106. Minnesota Statutes 1986, section 93.335, subdivision 4, is amended to read:

Subd. 4. [RENTAL AND ROYALTIES, ANNUAL DISTRIBUTION; APPROPRIATION.] If the lands or minerals and mineral

rights covered by any such permit or lease are held by the state in trust for the taxing districts, the rentals and royalties paid under any such permit or lease shall be distributed annually by the commissioner of finance on the first day of September as follows: 20 percent to the general fund of the state mineral lease account established in the state treasury under section 93.221, and 80 percent to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town, or city, two-ninths; and school district, four-ninths.

There is hereby appropriated from such moneys in the state treasury not otherwise appropriated to such persons or political subdivisions as are entitled to payment herein, an amount sufficient to make the payment.

Sec. 107. Minnesota Statutes 1986, section 97A.061, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY; AMOUNT.] (a) The commissioner shall annually make a payment from the general game and fish 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.

(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.

Sec. 108. Minnesota Statutes 1986, section 97A.065, subdivision 2, is amended to read:

Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of the game and fish laws, sections 84.09 to 84.15, and 84.81 to 84.88, chapter 34B, and any other law relating to wild animals, and aquatic vegetation must be paid to the treasurer of the county where the violation is



prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraph paragraphs (b) and (c).

(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.

(c) The county treasurer shall indicate the amount of the receipts that are assessments or surcharges imposed under section 609.101 and shall submit all of those receipts to the commissioner. The receipts must be credited to the game and fish fund to provide peace officer training for persons employed by the commissioner who are licensed under section 626.84, subdivision 1, clause (c), and who possess peace officer authority for the purpose of enforcing game and fish laws.

Sec. 109. Minnesota Statutes 1986, section 97A.105, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIREMENTS.] A person may breed and propagate fur-bearing animals, game birds, bear, moose, elk, caribou, or deer only on privately owned or leased land and after obtaining a license. Any of the permitted animals on a game farm may be sold to other licensed game farms. "Privately owned or leased land" includes waters that are shallow or marshy, are not actually navigable, and are not of substantial beneficial public use. Before an application for a license is considered, the applicant must enclose the area to sufficiently confine the animals to be raised in a manner approved by the commissioner. A license may be granted only if the commissioner finds the application is made in good faith with intention to actually carry on the business described in the application and the commissioner determines that the facilities are adequate for the business.

Sec. 110. Minnesota Statutes 1986, section 97A.415, subdivision 1, is amended to read:

Subdivision 1. [ONE LICENSE PER PERSON.] Only one license of each kind may be issued to a person in a license year, except the resident and nonresident short-term angling license licenses, unless authorized by commissioner's order.

Sec. 111. Minnesota Statutes 1986, section 97A.445, subdivision 1, is amended to read:

Subdivision 1. [ANGLING; TAKE A KID FISHING WEEKEND.] A resident over age 18 may take fish by angling without a license during ~~the second~~ one Saturday and Sunday of the angling season designated by order of the commissioner if accompanied by a child who is under age 16. The commissioner shall publicize the Saturday and Sunday as "Take a Kid Fishing Weekend."

Sec. 112. Minnesota Statutes 1986, section 97A.451, subdivision 4, is amended to read:

Subd. 4. [PERSONS UNDER AGE 16; BIG GAME.] A person under the age of 16 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A person under the age of 14 must be accompanied by a parent or guardian to hunt big game. A person between the ages of 12 and 16 is entitled to receive one free license to hunt deer under conditions prescribed by the commissioners.

Sec. 113. [97A.472] [PLACE OF SALE OF NONRESIDENT LICENSES; RESTRICTION.]

The commissioner shall not sell or issue in any place outside this state a nonresident license to take fish in this state.

Sec. 114. Minnesota Statutes 1986, section 97A.475, subdivision 2, is amended to read:

Subd. 2. [RESIDENT HUNTING.] Fees for the following licenses, to be issued to residents only, are:

- (1) for persons under age 65 to take small game, ~~\$7~~ \$9;
- (2) for persons age 65 or over, ~~\$3.50~~ \$4.50;
- (3) to take turkey, ~~\$10~~ \$12.50;
- (4) to take deer with firearms, ~~\$15~~ \$20;
- (5) to take deer by archery, ~~\$15~~ \$20;
- (6) to take moose, for a party of not more than four persons, ~~\$200~~;  
and
- (7) to take bear, ~~\$25~~ \$30.

Sec. 115. Minnesota Statutes 1986, section 97A.475, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take small game, ~~\$46~~ \$51;
- (2) to take deer with firearms, \$100;
- (3) to take deer by archery, \$100;
- (4) to take bear, \$150;
- (5) to take turkey, \$30; and
- (6) to take raccoon, bobcat, fox, coyote, or lynx, ~~\$100~~ \$125.

Sec. 116. Minnesota Statutes 1986, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

- (1) to take fish by angling, ~~\$6.50~~ \$8.50;
- (2) to take fish by angling, for a combined license for a married couple, ~~\$10.50~~ \$13.50; and
- (3) to take fish by spearing from a dark house, ~~\$7.50~~ \$12; and
- (4) to take fish by angling for a period of 24 hours from the time of issuance, \$4.50. No trout stamp is required when angling for trout or salmon under this 24-hour angling license.

Sec. 117. Minnesota Statutes 1986, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, ~~shall be~~ are:

- (1) to take fish by angling, ~~\$16~~ \$18;
- (2) to take fish by angling limited to seven consecutive days, ~~\$13~~ \$15;
- (3) to take fish by angling for three days, ~~\$10~~ \$12; and
- (4) to take fish by angling for a combined license for a family, ~~\$27.50~~ \$30.50;
- (5) to take fish by angling for a period of 24 hours from the time of issuance, \$4.50. No trout stamp is required when angling for trout or salmon under this 24-hour angling license; and

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days, \$22.50.

Sec. 118. Minnesota Statutes 1986, section 97A.475, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA SPORTING.] The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

(1) for an individual, ~~\$12~~ \$15.50; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$16~~ \$19.50.

Sec. 119. Minnesota Statutes 1986, section 97A.475, subdivision 9, is amended to read:

Subd. 9. [FISHING SURCHARGE.] The fees for the following licenses must be increased by a surcharge of \$2.50:

(1) resident angling, under subdivision 6, clauses (1) ~~and~~, (2), ~~and~~ (4);

(2) nonresident angling, under subdivision 7;

(3) Minnesota sporting, under subdivision 8;

(4) nonresident fish houses, under subdivision 12; and

(5) to net fish for domestic use, under subdivision 13.

Sec. 120. Minnesota Statutes 1986, section 97A.475, subdivision 11, is amended to read:

Subd. 11. [FISH HOUSES AND DARK HOUSES; RESIDENTS.] Fees for the following licenses are:

(1) for a fish house or dark house that is not rented, ~~\$5~~ \$8; and

(2) for a fish house or dark house that is rented, ~~\$15~~ \$18.

Sec. 121. Minnesota Statutes 1986, section 97A.475, subdivision 12, is amended to read:

Subd. 12. [FISH HOUSES; NONRESIDENT.] The fee for a fish house license for a nonresident is ~~\$15~~ \$19.50.

Sec. 122. Minnesota Statutes 1986, section 97A.475, subdivision 13, is amended to read:

Subd. 13. [NETTING WHITEFISH AND CISCOES FOR PERSONAL CONSUMPTION.] The fee for a license to net whitefish and ciscoes in inland lakes and international waters for personal consumption is, for each net, ~~\$3~~ \$5.

Sec. 123. Minnesota Statutes 1986, section 97A.475, subdivision 20, is amended to read:

Subd. 20. [TRAPPING LICENSE.] The fee for a license to trap fur-bearing animals is:

- (1) for persons over age 13 and under age 18, ~~\$3.50~~ \$5; and
- (2) for persons age 18 and older, ~~\$13~~ \$16.

Sec. 124. Minnesota Statutes 1986, section 97A.485, subdivision 6, is amended to read:

Subd. 6. [LICENSES TO BE SOLD AND ISSUING FEES.] (a) Persons authorized to sell licenses under this section must sell the following licenses for the license fee and ~~the following~~ an additional issuing fees:

- (1) ~~to take deer with firearms and by archery, the issuing fee is \$1;~~
- (2) ~~Minnesota sporting, the issuing fee is \$1; and~~
- (3) ~~to take bear and small game, to take fish by angling or spearing, and to trap furbearing animals, the issuing fee is 75 cents~~ fee of \$1 for each license.

(b) An issuing fee for a stamp may not be collected when a stamp is issued simultaneously with the related small game, fishing, or sporting license. Only one issuing fee may be collected when selling more than one stamp in the same transaction after the end of the season for which the stamp was issued.

(c) The auditor or subagent shall keep the issuing fee as a commission for selling the licenses.

(d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.

(e) A license, except stamps, must state the amount of the issuing fee and that the issuing fee is kept by the seller as a commission for selling the licenses.

## Sec. 125. [97A.502] [DEER KILLED BY MOTOR VEHICLES.]

Notwithstanding section 97A.055, any deer killed by a motor vehicle on a public road must be removed by the road authority, as defined by section 160.02, subdivision 9. The commissioner of natural resources must provide to all road authorities standard forms for statistical purposes and the tracking of wild animals.

Sec. 126. Minnesota Statutes 1986, section 97C.211, is amended by adding a subdivision to read:

Subd. 5. [PRICE OF WALLEYE FRY.] The commissioner may not sell walleye fry for less than fair market value, defined as the average price charged by private walleye fry wholesalers located in Minnesota.

Sec. 127. [97C.402] [RAINY RIVER SEASON.] The fishing season on the Minnesota side of the Rainy River ends on March 1 of each year.

Sec. 128. Minnesota Statutes 1986, section 115A.15, subdivision 6, is amended to read:

Subd. 6. [RESOURCE RECOVERY REVOLVING ACCOUNT.] Upon the certification of the commissioner of administration, the commissioner of finance shall establish an account in the general services revolving fund, effective June 30, 1980, for the operation of the state government resource recovery program. The revolving account shall consist of all funds appropriated by the state for the program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program and all reimbursements to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, local governments, and regional agencies. The account may be used for all activities associated with the program including payment of administrative and operating costs, except statewide and agency indirect costs. The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities, collect those savings from the account responsible for disposing of wastes produced in state buildings, and credit the savings to the resource recovery revolving account.

## Sec. 129. [115A.41] [PURPOSE.]

The legislature recognizes the importance of maintaining the regulatory functions of the Minnesota pollution control agency in regard to solid waste management. The legislature also recognizes that in order to achieve the maximum benefit of state funding and funding from other sources that the technical and financial assistance involved in managing solid waste, including programs involv-

ing waste tires, including landfills and other methods of recycling, disposing, and storing solid wastes, should properly be transferred to the waste management board.

Sec. 130. Minnesota Statutes 1986, section 115A.42, is amended to read:

#### 115A.42 [ESTABLISHMENT AND ADMINISTRATION.]

There is established a planning assistance program to provide technical and financial assistance to political subdivisions of the state for the purposes of encouraging and improving regional and local solid waste management planning activities and efforts and of furthering the state policies and purposes expressed in section 115A.02. The program shall be administered by the agency board pursuant to rules promulgated under chapter 14, except in the metropolitan area where the program shall be administered by the metropolitan council pursuant to chapter 473. The agency board and the metropolitan council shall ensure conformance with federal requirements and programs established pursuant to the Resource Conservation and Recovery Act of 1976 and amendments thereto.

Sec. 131. Minnesota Statutes 1986, section 115A.44, is amended to read:

#### 115A.44 [FINANCIAL ASSISTANCE.]

Eligible recipients may receive grants for up to 50 percent of the cost of the planning activity, except that planning by a regional development commission and joint planning by two or more contiguous counties or political subdivisions located in two or more contiguous counties may receive grants for up to 100 percent of the cost of the planning activity. Financial assistance provided under the program may be used to employ staff, contract with other units of government or qualified consultants, and pay such other planning expenses as the agency board or metropolitan council may allow.

Sec. 132. Minnesota Statutes 1986, section 115A.45, is amended to read:

#### 115A.45 [TECHNICAL ASSISTANCE.]

The agency board and metropolitan council shall provide for technical assistance for eligible recipients. The agency board and metropolitan council shall provide model plans for regional and local solid waste management. The agency board and metropolitan council may contract for the delivery of technical assistance by a regional development commission, any state or federal agency, or private consultants. The agency board shall prepare and publish an inven-

tory of sources of technical assistance for solid waste planning, including studies, publications, agencies, and persons available.

Sec. 133. Minnesota Statutes 1986, section 115A.46, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Plans shall address the state policies and purposes expressed in section 115A.02. Plans for the location, establishment, operation, maintenance, and postclosure use of facilities and facility sites, for ordinances, and for licensing, permit, and enforcement activities shall be consistent with the rules adopted by the agency pursuant to chapter 116. Plans shall address the resolution of conflicting, duplicative, or overlapping local management efforts. Plans shall address the establishment of joint powers management programs or waste management districts where appropriate. Plans shall address other matters as the rules of the agency board may require consistent with the purposes of sections 115A.42 to 115A.46. Political subdivisions preparing plans under sections 115A.42 to 115A.46 shall consult with persons presently providing solid waste collection, processing, and disposal services. Plans shall be approved by the agency board, or the metropolitan council pursuant to section 473.803. After initial approval, each plan shall be updated every five years and revised as necessary for further approval.

Sec. 134. Minnesota Statutes 1986, section 115A.49, is amended to read:

#### 115A.49 [ESTABLISHMENT; PURPOSES AND PRIORITIES.]

There is established a program to encourage and assist cities, counties, and solid waste management districts in the development and implementation of solid waste management projects and to transfer the knowledge and experience gained from such projects to other communities in the state. The program must be administered to encourage local communities to develop feasible and prudent alternatives to disposal, including waste reduction; waste separation by generators, collectors, and other persons; and waste processing. The program must be administered by the agency and the board in accordance with the requirements of sections 115A.49 to 115A.54 and rules promulgated by the agency and the board pursuant to chapter 14. In administering the program, the agency and the board shall give priority to areas where natural geologic and soil conditions are unsuitable for land disposal of solid waste; areas where the capacity of existing solid waste disposal facilities is determined by the agency or the board to be less than five years; and projects serving more than one local government unit.

Sec. 135. Minnesota Statutes 1986, section 115A.51, is amended to read:



## 115A.51 [APPLICATION REQUIREMENTS.]

Applications for assistance under the program shall demonstrate: (a) that the project is conceptually and technically feasible; (b) that affected political subdivisions are committed to implement the project, to provide necessary local financing, and to accept and exercise the government powers necessary to the project; (c) that operating revenues from the project, considering the availability and security of sources of solid waste and of markets for recovered resources, together with any proposed federal, state, or local financial assistance, will be sufficient to pay all costs over the projected life of the project; (d) that the applicant has evaluated the feasible and prudent alternatives to disposal and has compared and evaluated the costs of the alternatives, including capital and operating costs, and the effects of the alternatives on the cost to generators. The ~~agency or the~~ board may require completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, before accepting an application.

Sec. 136. Minnesota Statutes 1986, section 115A.52, is amended to read:

## 115A.52 [TECHNICAL ASSISTANCE FOR PROJECTS.]

The ~~agency and the~~ board shall ensure the delivery of the technical assistance necessary for proper implementation of each project funded under the program. The ~~agency and the~~ board may contract for the delivery of technical assistance by any state or federal agency, a regional development commission, the metropolitan council, or private consultants and may use program funds to reimburse the agency, commission, council, or consultants. The ~~agency and the~~ board shall prepare and publish an inventory of sources of technical assistance, including studies, publications, agencies, and persons available. The ~~agency and the~~ board shall ensure statewide benefit from projects assisted under the program by developing exchange and training programs for local officials and employees and by using the experience gained in projects to provide technical assistance and education for other solid waste management projects in the state.

Sec. 137. Minnesota Statutes 1986, section 115A.53, is amended to read:

## 115A.53 [WASTE REDUCTION AND SEPARATION PROJECTS.]

The ~~agency~~ board shall provide technical assistance and grants to projects which demonstrate waste reduction; waste separation by generators, collectors, and other persons; and collection systems for separated waste. Activities eligible for assistance under this section include legal, financial, economic, educational, marketing, social,

governmental, and administrative activities related to the implementation of the project. Preliminary planning and development, feasibility study, and conceptual design costs shall also be eligible activities, but no more than 20 percent of program funds shall be used to fund those activities. The rules of the agency board shall prescribe the level or levels of local funding required for grants under this section.

Sec. 138. Minnesota Statutes 1986, section 115A.917, is amended to read:

115A.917 [CERTIFICATE OF NEED.]

No new capacity for disposal of mixed municipal solid waste may be permitted in counties outside the metropolitan area without a certificate of need issued by the agency board indicating the agency's board's determination that the additional disposal capacity is needed in the county. A certificate of need may not be issued until the county has a plan approved under section 115A.46. If the original plan was approved more than five years before, the agency board may require the plan to be revised before a certificate of need is issued under this section. The agency board shall certify need only to the extent that there are no feasible and prudent alternatives to the additional disposal capacity, including waste reduction, source separation, and resource recovery, that would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural are not feasible and prudent. Economic considerations alone do not justify the certification of need or the rejection of alternatives.

Sec. 139. Minnesota Statutes 1986, section 116.41, subdivision 2, is amended to read:

Subd. 2. [TRAINING AND CERTIFICATION PROGRAMS.] The agency shall develop standards of competence for persons operating and inspecting various classes of disposal facilities. The agency shall conduct training programs for persons operating facilities for the disposal of waste and for inspectors of such facilities, and may charge such fees as are necessary to cover the actual costs of the training programs. All fees received shall be paid into the state treasury and credited to the account created in section 115.03, subdivision 1, clause (j), for training water pollution control personnel, a separate waste disposal training account and are appropriated to the agency to pay expenses relating to the training of disposal facility personnel.

The agency shall require operators and inspectors of such facilities to obtain from the agency a certificate of competence. The agency shall conduct examinations to test the competence of applicants for certification, and shall require that certificates be renewed at reasonable intervals. The agency may charge such fees as are

necessary to cover the actual costs of receiving and processing applications, conducting examinations, and issuing and renewing certificates. Certificates shall not be required for a private individual for landspreading and associated interim and temporary storage of sewage sludge on property owned or farmed by that individual.

Sec. 140. Minnesota Statutes 1986, section 116J.615, is amended by adding a subdivision to read:

Subd. 3. [REGIONAL TOURISM OFFICES.] Employees in regional tourism offices are in the unclassified civil service.

Sec. 141. Minnesota Statutes 1986, section 116M.06, subdivision 2, is amended to read:

Subd. 2. [USE OF FUNDS.] The authority may use the energy loan insurance account as provided in section 116M.11. The authority may use the economic development fund in connection with small business loans, pollution control loans, and farm loans to provide financial assistance to eligible small businesses; it may use the economic development fund in connection with business loans when the loans are made as a part of the special assistance program under section 116M.07, subdivision 11; and the authority may use the energy development account in connection with energy loans to provide financial assistance to businesses; economic development fund, with the exception of the waste tire recycling account, and the energy fund, as follows:

(a) to provide loan guarantees or insurance, in whole or in part, to businesses in connection with business loans, small business loans, energy loans, farm loans, or pollution control loans;

(b) to provide direct loans to businesses in connection with business loans, small business loans, energy loans, farm loans, or pollution control loans;

(c) to participate in other investment programs as appropriate under the terms of this chapter and chapters 41A, 472, and 474;

(d) to purchase loan packages made to businesses by financial institutions in the state in connection with business loans, small business loans, energy loans, farm loans, or pollution control loans;

(e) to enter into or to pay fees on insurance contracts, letters of credit, municipal bond insurance, surety bonds, or similar obligations and other agreements or contracts with financial institutions or providers of similar services;

(f) to guarantee or insure bonds and notes issued by the authority, in whole or in part;

(g) to make interest subsidy payments on behalf of eligible small businesses to be applied to the payment of interest on bonds or notes of the authority equal to the difference in interest payable on loans and the interest payable on bonds or notes of the authority where the proceeds of these bonds or notes are used to make or participate in making these loans;

(h) for any legal purpose or program of the authority, including without limitation the payment of the cost of issuing authority bonds and notes ~~and authority~~, administrative costs and expenses, ~~but not for of the authority, the agricultural loan guaranty board and the certified state development company, and for personnel costs of positions in the approved complement of the department or the authority for the approved complement of the department that provides services to the authority, the agricultural loan guaranty board, and the certified state development company.~~

(i) to pay tax reimbursements for qualified economic diversification projects under the special assistance program pursuant to section 116M.07, subdivision 11, paragraph (d).

In addition, the authority may use the economic development fund funds to purchase, lease, or license technology-related products for education or training or to participate in programs where technology-related products are purchased, leased, or licensed.

If a fund or an account is or will be depleted in connection with the use of the fund or account as authorized by chapter 116M or any other law, and which has been approved or given preliminary approval by the authority, the authority may request the commissioner to transfer money from other funds or accounts authorized by chapter 116M into the fund or account to be depleted. The commissioner must approve the request for transfer if sufficient money is available and requests must be approved in the order they are received. This transfer authority does not apply to transfers from the waste tire recycling account.

The authority may create separate accounts within any of the funds for use in accordance with the separate purposes listed in this section and may irrevocably pledge and allocate money on deposit in any of the funds to the accounts for the purposes. The authority may make contracts with note and bond holders, trustees for them, financial institutions, or other persons interested in the disposition of money in the funds or their accounts with respect to the conditions upon which money in any fund or its accounts is to be held, invested, applied, and disposed of and the use of the fund and its accounts and the termination of accounts. The authority may determine to leverage amounts in accounts to be used to guarantee or insure bonds and notes of the authority or loans to businesses and may covenant as to the rate of leveraging with holders of the authority's bonds and notes or any trustee for them, financial institutions, or

other persons. Money in the funds and their accounts shall, consistent with contracts with holders of the authority's bonds and notes or any trustee for them, financial institutions, or other interested persons, be invested in accordance with section 116M.08, subdivision 15, and the investment income from them, absent contractual provisions to the contrary, shall be added to and retained in the funds or their accounts if provided by the authority. The repayments to the authority of any direct loans made by the authority from money in the funds or their accounts shall be paid by the authority into the particular fund that was used in conjunction with the loan being repaid, or, as provided by the authority, into another account. The authority may collect fees, initially or from time to time, or both, with respect to any direct loan it extends or any insurance or guarantee it grants. The authority may enter into contracts and security instruments with businesses, with bond and note holders or any trustee for them, or financial institutions or other persons to provide for and secure the repayment to the authority of money provided by the authority from the funds or their accounts for direct loans or which have been paid by the authority from a fund or account pursuant to an authority guarantee or insurance.

The state covenants with all holders of the authority's bonds and notes, financial institutions, and other persons interested in the disposition of money in the funds or their accounts, which money the authority has irrevocably pledged and allocated for any authorized purpose described in this subdivision, that the state will not take any action to limit the effect of the pledge and allocation and will not take any action to limit the effect of contracts entered into as authorized in this subdivision with respect to the pledge and allocation and will not limit or alter the rights vested in the authority or the state to administer the application of money pursuant to the pledge and allocation and to perform its obligations under the contracts. The authority may include and recite this covenant of the state in any of its bonds or notes benefiting from the pledge and allocation or contracts or related documents or resolutions.

Sec. 142. Minnesota Statutes 1986, section 116M.06, subdivision 4, is amended to read:

Subd. 4. [CREATION OF ECONOMIC DEVELOPMENT FUND.] There is created the economic development fund to be administered by the authority. All money in the fund is appropriated to the authority to accomplish the authority's purposes.

The money in the economic development fund must be used as provided in this chapter and chapters 472 and 474, to provide financial assistance to businesses, eligible small businesses, targeted small businesses, and farm businesses. This financial assistance includes business loans, pollution control loans, small

business loans, and farm loans and the purchasing, leasing, or licensing of technology related products or rights to the products.

Sec. 143. Minnesota Statutes 1986, section 116M.11, subdivision 2, is amended to read:

Subd. 2. [INSURANCE OF LOANS.] (a) [AUTHORIZATION.] The authority is authorized, upon application by a financial institution, to insure loans for cost-effective qualified energy projects as provided in this section; and under terms as the authority may prescribe by rule, to make commitments for the insuring of loans prior to the date of their execution or disbursement. ~~In the event the authority shall determine that the energy loan insurance account is or will be depleted in connection with the use of the account as authorized by the act which has been approved or given preliminary approval by the authority, then the authority may by resolution transfer money from the energy development account created pursuant to section 116M.12.~~

(b) [ELIGIBILITY REQUIREMENTS.] The authority may by rule establish requirements for energy loans to be eligible for insurance under this section, relating to:

- (1) maximum principal amount, amortization schedule, interest rate, delinquency charges, and other terms;
- (2) the portion of the loan to be insured;
- (3) acceleration and other remedies;
- (4) covenants regarding insurance, repairs, and maintenance of the project;
- (5) conditions regarding subordination of the loan security, if any, of the project to other liens against the property;
- (6) the aggregate principal amount of loans to be insured in relation to the reserves from time to time on hand in the insurance account, and priorities as to the loans to be insured; and
- (7) any other matters determined by the authority.

The authority shall by rule establish criteria for analyzing the cost-effectiveness of projects.

(c) [CONCLUSIVE EVIDENCE OF INSURABILITY.] Any contract of insurance executed by the authority under this section shall be conclusive evidence of the eligibility of the loan for insurance, and the validity of any contract of insurance properly executed and in

the hands of any approved lender shall not be contestable, except for fraud or misrepresentation on the part of the financial institution.

(d) [PREMIUMS.] The authority is authorized to fix premium charges for the insurance of loans under this section at levels which in its judgment, taking into consideration other amounts available in the account, will be sufficient to cover and maintain a reserve for loan losses.

(e) [PROCEDURES UPON DEFAULT.] The authority may establish procedures to be followed by financial institutions and to be taken by the authority in the event of default upon an energy loan, including:

(1) time for filing claims;

(2) rights and interests to be assigned and documents to be furnished by the financial institution;

(3) principal and interest to be included in the claim; and

(4) conditions, if any, upon which the authority will pay the entire principal amount in default, after foreclosure and receipt of marketable title to the property.

Sec. 144. Minnesota Statutes 1986, section 161.1419, subdivision 4, is amended to read:

Subd. 4. ~~Members of the commission shall serve without Compensation but shall be allowed and paid their actual traveling and other expenses necessarily incurred in the performance of their duties of legislative members of the commission is as provided in section 3.101. Compensation of the remaining members is as provided in section 15.0575. The commission may purchase supplies, employ part-time or full-time employees, and do all things reasonably necessary and convenient in carrying out the purposes of this section. Reimbursement for expenses incurred shall be made pursuant to the rules governing state employees.~~

Sec. 145. Minnesota Statutes 1986, section 175A.07, subdivision 2, is amended to read:

Subd. 2. [PERSONNEL.] The judges of the workers' compensation court of appeals shall appoint in the manner provided by law all personnel required by the workers' compensation court of appeals. Law clerks are in the unclassified service. The commissioner of administration shall provide the court with necessary additional staff and administrative services, and the court shall reimburse the commissioner for the cost of these services.

Sec. 146. Minnesota Statutes 1986, section 176.611, subdivision 2, is amended to read:

Subd. 2. [STATE DEPARTMENTS.] Every department of the state, including the University of Minnesota, shall reimburse the fund for money paid for the administration of its claims and the costs of administering the revolving fund at such times and in such amounts as the commissioner of the department of labor and industry shall certify has been paid out of the fund on its behalf. The heads of the departments shall anticipate these payments by including them in their budgets. In addition, the commissioner of labor and industry, with the approval of the commissioner of finance, may require an agency to make advance payments to the fund sufficient to cover the agency's estimated obligation for a period of at least 60 days. Reimbursements and other money received by the commissioner of labor and industry under this subdivision must be credited to the state compensation revolving fund.

Sec. 147. Minnesota Statutes 1986, section 176.611, is amended by adding a subdivision to read:

Subd. 3a. [LOANS.] To maintain an ongoing balance sufficient to pay sums currently due for benefits and administrative costs, the commissioner of finance, upon request of the commissioner of labor and industry, may transfer money from the general fund to the state compensation revolving fund. Before requesting the transfer, the commissioner of labor and industry must decide there is not enough money in the fund for an immediate, necessary expenditure. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance. The commissioner of labor and industry shall make schedules to repay the transferred money to the general fund. The repayment may not extend beyond five years.

Sec. 148. Minnesota Statutes 1986, section 176.611, subdivision 6a, is amended to read:

Subd. 6a. [APPROPRIATIONS CONSTITUTING FUND.] There is hereby appropriated from the general fund in the state treasury to the state compensation revolving fund the sum of \$967,690 to be used to pay claims of employees of the state. This appropriation together with the sum of \$74,013.12 heretofore appropriated from the trunk highway fund and \$2,395,986.88 heretofore appropriated from the general fund totals \$3,437,690 and constitutes The revolving fund consists of \$3,437,690 appropriated from the general fund and other funds.

Sec. 149. Minnesota Statutes 1986, section 179A.03, subdivision 17, is amended to read:



Subd. 17. [SUPERVISORY EMPLOYEE.] "Supervisory employee" means a person who has the authority to undertake a majority of the following supervisory functions in the interests of the employer: hiring, transfer, suspension, promotion, discharge, assignment, reward, or discipline of other employees, direction of the work of other employees, or adjustment of other employees' grievances on behalf of the employer. To be included as a supervisory function which the person has authority to undertake, the exercise of the authority by the person may not be merely routine or clerical in nature but must require the use of independent judgment. An employee, other than an essential employee, who has authority to effectively recommend a supervisory function, is deemed to have authority to undertake that supervisory function for the purposes of this subdivision. The administrative head of a municipality, municipal utility, or police or fire department, and the administrative head's assistant, are always considered supervisory employees. A determination that a person is or is not a "supervisory employee" may be appealed to the public employment relations board court of appeals.

The removal of employees by the employer from nonsupervisory bargaining units for the purpose of designating the employees as "supervisory employees" shall require either the prior written agreement of the exclusive representative and the written approval of the director or a separate determination by the director before the redesignation is effective.

Sec. 150. Minnesota Statutes 1986, section 179A.04, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] The director shall:

(a) provide mediation services as requested by the parties until the parties reach agreement. The director may continue to assist parties after they have submitted their final positions for interest arbitration;

(b) issue notices, subpoenas, and orders required by law to carry out duties under sections 179A.01 to 179A.25;

(c) certify to the board items of dispute between parties subject to action of the board the issues subject to arbitration under section 179A.16;

(d) assist the parties in formulating petitions, notices, and other papers required to be filed with the director ~~or the board~~;

(e) certify the final results of any election or other voting procedure conducted under sections 179A.01 to 179A.25;

(f) adopt rules regulating the forms of petitions, notices, and orders; and the conduct of hearings and elections;

(g) receive, catalogue, and file ~~all orders and decisions of the board~~, all decisions of arbitration panels authorized by sections 179A.01 to 179A.25, all grievance arbitration decisions, and the director's orders and decisions. All orders and decisions catalogued and filed shall be readily available to the public;

(h) adopt, subject to chapter 14, a grievance procedure to fulfill the purposes of section 179A.20, subdivision 4. The grievance procedure shall not provide for the services of the bureau of mediation services. The grievance procedure shall be available to any employee in a unit not covered by a contractual grievance procedure;

(i) conduct elections;

(j) maintain a schedule of state employee classifications or positions assigned to each unit established in section 179A.10, subdivision 2;

(k) collect such fees as are established by rule for empanelment of persons on the labor arbitrator roster maintained by the director or in conjunction with fair share fee challenges;

(l) maintain a list of names of individuals qualified by experience and training in the field of labor relations to serve as arbitrators of interest and grievance disputes, including, to the extent possible, qualified individuals from various geographic areas of the state; and

(m) refer the names of qualified arbitrators to the parties in a labor dispute, upon request or pursuant to section 179A.16, subdivision 4.

Sec. 151. Minnesota Statutes 1986, section 179A.13, is amended to read:

179A.13 [UNFAIR LABOR PRACTICES.]

Subdivision 1. [ACTIONS.] The practices specified in this section are unfair labor practices. Any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in this section may bring an action for injunctive relief and for damages caused by the unfair labor practice in the district court of the county in which the practice is alleged to have occurred.

Subd. 2. [EMPLOYERS.] Public employers, their agents and representatives are prohibited from:

(1) interfering, restraining, or coercing employees in the exercise of the rights guaranteed in sections 179A.01 to 179A.25;

(2) dominating or interfering with the formation, existence, or administration of any employee organization or contributing other support to it;

(3) discriminating in regard to hire or tenure to encourage or discourage membership in an employee organization;

(4) discharging or otherwise discriminating against an employee because the employee has signed or filed an affidavit, petition, or complaint or given any information or testimony under sections 179A.01 to 179A.25;

(5) refusing to meet and negotiate in good faith with the exclusive representative of its employees in an appropriate unit;

(6) refusing to comply with grievance procedures contained in an agreement;

(7) distributing or circulating any blacklist of individuals exercising any legal right or of members of a labor organization for the purpose of preventing blacklisted individuals from obtaining or retaining employment;

(8) violating rules established by the director regulating the conduct of representation elections;

(9) refusing to comply with a valid decision of a binding arbitration panel or arbitrator;

(10) violating or refusing to comply with any lawful order or decision issued by the director or the board; or

(11) refusing to provide, upon the request of the exclusive representative, all information pertaining to the public employer's budget both present and proposed, revenues and other financing information. In the executive branch of state government, this clause shall not be considered contrary to the budgetary requirements of sections 16A.10 and 16A.11.

Subd. 3. [EMPLOYEES.] Employee organizations, their agents or representatives, and public employees are prohibited from:

(1) restraining or coercing employees in the exercise of rights provided in sections 179A.01 to 179A.25;

(2) restraining or coercing a public employer in the election of representatives to be employed to meet and negotiate or to adjust grievances;

(3) refusing to meet and negotiate in good faith with a public employer, if the employee organization is the exclusive representative of employees in an appropriate unit;

(4) violating rules established by the director regulating the conduct of representation elections;

(5) refusing to comply with a valid decision of an arbitration panel or arbitrator;

(6) calling, instituting, maintaining, or conducting a strike or boycott against any public employer on account of any jurisdictional controversy;

(7) coercing or restraining any person with the effect to:

(a) force or require any public employer to cease dealing or doing business with any other person or;

(b) force or require a public employer to recognize for representation purposes an employee organization not certified by the director;

(c) refuse to handle goods or perform services;

(d) preventing an employee from providing services to the employer;

(8) committing any act designed to damage or actually damaging physical property or endangering the safety of persons while engaging in a strike;

(9) forcing or requiring any employer to assign particular work to employees in a particular employee organization or in a particular trade, craft, or class rather than to employees in another employee organization or in another trade, craft, or class;

(10) causing or attempting to cause a public employer to pay or deliver or agree to pay or deliver any money or other thing of value, in the nature of an exaction, for services which are not performed or not to be performed;

(11) engaging in an unlawful strike;

(12) picketing which has an unlawful purpose such as secondary boycott;

(13) picketing which unreasonably interferes with the ingress and egress to facilities of the public employer;

(14) seizing or occupying or destroying property of the employer;

(15) violating or refusing to comply with any lawful order or decision issued by the director ~~or the board~~.

Sec. 152. Minnesota Statutes 1986, section 179A.16, is amended to read:

179A.16 [INTEREST ARBITRATION.]

Subdivision 1. [NONESENTIAL EMPLOYEES.] An exclusive representative or an employer may petition the director for interest arbitration. For all public employees except those specified in subdivision 2, the director shall certify a matter ~~to the board~~ for binding interest arbitration if:

(a) the director has determined that further mediation would serve no purpose and has certified an impasse, or impasse has occurred because the exclusive representative and the employer have participated in mediation for the period required in section 179A.18, subdivisions 1 and 2, and the collective bargaining agreement has expired; and

(b) within 15 days of a request by one party for binding arbitration the other party has accepted the request. A request for arbitration is rejected if the other party has not responded within 15 days of the request.

Subd. 2. [ESSENTIAL EMPLOYEES.] For essential employees the director shall only certify a matter ~~to the board~~ for binding arbitration if either or both parties petition for binding arbitration stating that an impasse has been reached, and the director has determined that further mediation would serve no purpose.

Subd. 3. [PROCEDURE.] Within 15 days from the time the director certifies a matter ~~to the board~~ for binding arbitration the parties shall submit their final positions on matters not agreed upon. The director shall determine the matters not agreed upon based on the positions submitted by the parties and the director's efforts to mediate the dispute. The parties may stipulate items to be excluded from arbitration.

Subd. 4. [CONSTRUCTION SELECTION OF ARBITRATION PANEL.] ~~The board director shall provide the parties to the interest arbitration a list of seven arbitrators. In submitting names of arbitrators to the parties, the board shall try to include names of persons from the, attempting, to the extent reasonable, to include~~

arbitrators who reside in the general geographical area in which the public employer is located. Within 14 calendar days after receipt of the list, the parties shall, under the direction of the chair of the board, alternately strike delete names from the list of arbitrators provided by the director until only three names remain, or if requested by either party, until only a single arbitrator name remains. The arbitrator or arbitrators remaining on the list shall constitute the arbitration panel for the dispute. If the parties are unable to agree on who shall strike delete the first name, the question shall be decided by the flip of a coin. The arbitrator or arbitrators remaining after the striking procedure constitute the arbitration panel.

Subd. 5. [JURISDICTION OF THE PANEL.] The arbitration panel selected by the parties has jurisdiction over the items of dispute certified to ~~and submitted~~ arbitration by the ~~board~~ director. However, the panel has no jurisdiction or authority to entertain any matter or issue that is not a term and condition of employment, unless the matter or issue was included in the employer's final position. Any order or part of an order issued by a panel which determines a matter or issue which is not a term or condition of employment and was not included in the employer's final position is void and of no effect. A decision of the panel which violates, is in conflict with, or causes a penalty to be incurred under: (1) the laws of Minnesota; or (2) rules promulgated under law, or municipal charters, ordinances, or resolutions, provided that the rules, charters, ordinances, and resolutions are consistent with this chapter, has no force or effect and shall be returned to the arbitrator to make it consistent with the laws, rules, charters, ordinances, or resolutions.

Subd. 6. [POWERS OF THE PANEL.] The arbitration panel may issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence which relates to any matter involved in any dispute before it. The panel may administer oaths and affidavits and may examine witnesses. Attendance of witnesses and the production of evidence may be required from any place in the state at any hearing. However, the panel's meeting shall be held in the county where the principal administrative offices of the employer are located, unless another location is selected by agreement of the parties. In case of refusal to obey a subpoena issued under this section, the district court of the state for the county where the proceeding is pending or where the person who refuses to obey is found, or resides, or transacts business shall, on application of the panel, have jurisdiction to issue an order requiring the person to appear before the panel, to produce evidence, or to give testimony. Failure to obey the order may be punished by the court as a contempt.

Subd. 7. [DECISION BY THE PANEL.] The panel's order shall be issued by a majority vote of its members. The order shall resolve the

issues in dispute between the parties as submitted by the board as certified to arbitration by the director. For principals and assistant principals, the panel shall be restricted to selecting between the final offers of the parties on each impasse item. For other employees, if the parties agree in writing, the panel shall be restricted to selecting between the final offers of the parties on each impasse item, or the final offer of one or the other parties in its entirety. In considering a dispute and issuing its order, the panel shall consider the statutory rights and obligations of public employers to efficiently manage and conduct their operations within the legal limitations surrounding the financing of these operations. The panel's decision and order shall be final and binding on all parties.

The panel shall render its order within ten days from the date that all arbitration proceedings have concluded. However, the panel must issue its order by the last date the employer is required by statute, charter, ordinance, or resolution to submit its tax levy or budget or certify its taxes voted to the appropriate public officer, agency, public body or office, or by November 1, whichever date is earlier. The panel's order shall be for the period stated in the order, except that orders determining contracts for teacher units shall be effective to the end of the contract period determined by section 179A.20.

The panel shall send its decision and orders to ~~the board, the director, the appropriate representative of the public employer, and the employees.~~ If any issues submitted to arbitration are settled voluntarily before the arbitrator issues a decision, the arbitrator shall report the settlement to ~~the board and the director.~~

The parties may at any time prior to or after issuance of an order of the arbitration panel, agree upon terms and conditions of employment regardless of the terms and conditions of employment determined by the order. The parties shall, if so agreeing, execute a written contract or memorandum of contract.

Subd. 8. [PAYMENT OF THE PANEL.] The members of the panel shall be paid actual and necessary traveling and other expenses incurred in the performance of their duties plus an allowance of \$180 for each day or part of a day spent considering a dispute. All costs of the panel shall be shared equally by the parties to the dispute.

Sec. 153. Minnesota Statutes 1986, section 179A.21, is amended to read:

#### 179A.21 [GRIEVANCE ARBITRATION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "grievance" means a dispute or disagreement as to the interpretation or application of any term or terms of any contract required by section 179A.20.

Subd. 2. [SELECTION.] If the parties to a contract cannot agree upon an arbitrator or arbitrators as provided by the contract grievance procedures or the procedures established by the director, the parties shall, ~~under direction of the board,~~ alternately ~~strike~~ delete names from a list of five arbitrators ~~selected by the board~~ furnished by the director until only one name remains. This arbitrator shall decide the grievance and the decision is binding upon the parties. The parties shall share equally the costs and fees of the arbitrator.

Subd. 3. [LIMITS.] Arbitration decisions authorized or required by a grievance procedure are subject to the limitations contained in section 179A.16, subdivision 5. The arbitrator shall send the ~~board~~ and the director a copy of each grievance arbitration decision and any written explanation. If any issues submitted to arbitration are settled voluntarily before the arbitrator issues a decision, the arbitrator shall report the settlement to the ~~board and the director.~~

Sec. 154. Minnesota Statutes 1986, section 179A.25, is amended to read:

179A.25 [INDEPENDENT REVIEW.]

It is the public policy of the state of Minnesota that every public employee should be provided with the right of independent review, by a disinterested person or agency, of any grievance arising out of the interpretation of or adherence to terms and conditions of employment. When such review is not provided under statutory, charter, or ordinance provisions for a civil service or merit system, the governmental agency may provide for such review consistent with the provisions of law or charter. If no other procedure exists for the independent review of such grievances, the employee may present the grievance to the public employment relations panel director under procedures established by the board director.

Sec. 155. Minnesota Statutes 1986, section 197.481, subdivision 5, is amended to read:

Subd. 5. [PERSONNEL.] The commissioner may appoint a hearing officer to act in the commissioner's place and to employ such other personnel as are necessary to investigate facts in cases brought under this section. The affected political subdivision must bear all costs incurred by the commissioner under this section.

Sec. 156. Minnesota Statutes 1986, section 204B.11, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] Except as provided by subdivision 2, a filing fee shall be paid by each candidate who files an affidavit of candidacy. The fee shall be paid at the time the affidavit is filed. The amount of the filing fee shall vary with the office sought as follows:



(a) for the office of governor, lieutenant governor, attorney general, state auditor, state treasurer, secretary of state, representative in congress, judge of the supreme court, judge of the court of appeals, judge of the district court, or judge of the county municipal court of Hennepin county, ~~\$150~~ \$175;

(b) for the office of senator in congress, ~~\$200~~ \$225;

(c) for office of senator or representative in the legislature, ~~\$50~~ \$75;

(d) for a county office, \$50; and

(e) for the office of soil and water conservation district supervisor, \$20.

For the office of presidential elector, and for those offices for which no compensation is provided, no filing fee is required.

The filing fees received by the county auditor shall immediately be paid to the county treasurer. The filing fees received by the secretary of state shall immediately be paid to the state treasurer.

When an affidavit of candidacy has been filed with the appropriate filing officer and the requisite filing fee has been paid, the filing fee shall not be refunded.

Sec. 157. Minnesota Statutes 1986, section 221.67, is amended to read:

#### 221.67 [SERVICE OF PROCESS.]

The use of any of the public highways of this state for the transportation of persons or property for compensation by a motor carrier in interstate commerce shall be deemed an irrevocable appointment by the carrier of the secretary of state to be the carrier's true and lawful attorney upon whom may be served all legal process in any action or proceeding brought under this chapter against the carrier or the carrier's executor, administrator, personal representative, heirs, successors or assigns. This use is a signification of agreement by the interstate motor carrier that any process in any action against the carrier or the carrier's executor, administrator, personal representative, heirs, successors, or assigns which is so served shall be of the same legal force and validity as if served upon the carrier personally. Service shall be made by serving a copy thereof upon the secretary of state or by filing a copy in the office of the secretary of state, together with payment of a fee of ~~\$15~~ \$20, and the service shall be sufficient service upon the absent motor carrier if notice of the service and a copy of the process are within ten days thereafter sent by mail by the plaintiff to the defendant at the

defendant's last known address and the plaintiff's affidavit of compliance with the provisions of this section and sections 221.60, 221.65, and 221.68 is attached to the summons.

Sec. 158. Minnesota Statutes 1986, section 271.01, is amended by adding a subdivision to read:

Subd. 1a. [RETIRED JUDGES.] Upon the retirement of a judge of the tax court or the district court, the chief judge of the tax court may, with the retired judge's consent, assign the retired judge to hear any case properly assignable to a judge of the tax court and to act on it with the full powers of a judge of the tax court. A retired judge performing this service shall receive pay and expenses in the amount and manner provided by law for judges serving on the court, less the amount of retirement pay the judge is receiving under chapter 352 or 490.

Sec. 159. Minnesota Statutes 1986, 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 or to further increase its area to include all or part of the territory of a town that surrounds one of the five municipalities, or both.

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 that is located within four municipalities to include a fifth municipality. The addition of the fifth municipality may only be approved after the existing municipalities, by adoption of a resolution by each municipality's governing board, agree to the addition of the fifth municipality.

Sec. 160. Minnesota Statutes 1986, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation

gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state.

Approximately ~~three-fourths~~ of one and one-half percent of all gasoline received in this state and ~~three-fourths of one and one-half~~ percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motorboats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, ~~three-fourths of one and one-half~~ percent of such revenues is the amount of tax on fuel used in motorboats operated on the waters of this state.

Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state.

Approximately 0.15 of one percent of all gasoline received in or produced or brought into this state, except gasoline used for aviation purposes, is being used for the operation of all-terrain vehicles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax, 0.15 of one percent is the amount of tax on fuel used in all-terrain vehicles operated in this state.

Sec. 161. Minnesota Statutes 1986, section 296.421, subdivision 5, is amended to read:

Subd. 5. [COMPUTATION OF UNREFUNDED TAX.] The amount of unrefunded tax shall be a sum equal to ~~three-fourths of one percent~~ one and one-half percent of all revenues derived from the excise taxes on gasoline, except on gasoline used for aviation purposes, together with interest thereon and penalties for delinquency in payment, paid or collected pursuant to the provisions of sections 296.02 to 296.17. The amount of such tax shall be computed for each six-month period commencing January 1, 1961, and shall be paid into the state treasury on November 1 and June 1 following each six-month period.

Sec. 162. Minnesota Statutes 1986, section 302A.011, subdivision 11, is amended to read:

Subd. 11. [FILED WITH THE SECRETARY OF STATE.] "Filed with the secretary of state" means that an original of a document meeting the applicable requirements of this chapter, signed, and acknowledged or verified in the manner provided in chapter 358, and accompanied by a filing fee of \$15 \$20, has been delivered to the secretary of state of this state. The secretary of state shall endorse

on the original the word "Filed" and the month, day, year, and time of filing, record the document in the office of the secretary of state, and return the document to the person who delivered it for filing.

Sec. 163. Minnesota Statutes 1986, section 302A.153, is amended to read:

302A.153 [EFFECTIVE DATE OF ARTICLES.]

Articles of incorporation are effective and corporate existence begins when the articles of incorporation are filed with the secretary of state accompanied by a payment of ~~\$85~~ \$115, which includes a ~~\$70~~ \$90 incorporation fee in addition to the ~~\$15~~ \$25 filing fee required by section 302A.011, subdivision 11. Articles of amendment and articles of merger are effective when filed with the secretary of state or at another time within 30 days after filing if the articles of amendment so provide. Articles of merger shall be accompanied by a fee of \$50 which includes a \$30 merger fee in addition to the \$20 filing fee required by section 302A.011, subdivision 11.

Sec. 164. Minnesota Statutes 1986, section 303.13, subdivision 1, is amended to read:

Subdivision 1. [FOREIGN CORPORATION.] A foreign corporation shall be subject to service of process, as follows:

(1) By service on its registered agent;

(2) When any foreign corporation authorized to transact business in this state fails to appoint or maintain in this state a registered agent upon whom service of process may be had, or whenever any registered agent cannot be found at its registered office in this state, as shown by the return of the sheriff of the county in which the registered office is situated, or by an affidavit of attempted service by any person not a party, or whenever any corporation withdraws from the state, or whenever the certificate of authority of any foreign corporation is revoked or canceled, service may be made by delivering to and leaving with the secretary of state, or with any deputy or clerk in the corporation department of the secretary of state's office, three copies thereof and a fee of ~~\$15~~ \$20; provided, that after a foreign corporation withdraws from the state, pursuant to section 303.16, service upon the corporation may be made pursuant to the provisions of this section only when based upon a liability or obligation of the corporation incurred within this state or arising out of any business done in this state by the corporation prior to the issuance of a certificate of withdrawal.

(3) If a foreign corporation makes a contract with a resident of Minnesota to be performed in whole or in part by either party in Minnesota, or if a foreign corporation commits a tort in whole or in part in Minnesota against a resident of Minnesota, such acts shall be

deemed to be doing business in Minnesota by the foreign corporation and shall be deemed equivalent to the appointment by the foreign corporation of the secretary of the state of Minnesota and successors to be its true and lawful attorney upon whom may be served all lawful process in any actions or proceedings against the foreign corporation arising from or growing out of the contract or tort. Process shall be served in duplicate upon the secretary of state, together with a fee of ~~\$15~~ \$20 and the secretary of state shall mail one copy thereof to the corporation at its last known address, and the corporation shall have 30 days within which to answer from the date of the mailing, notwithstanding any other provision of the law. The making of the contract or the committing of the tort shall be deemed to be the agreement of the foreign corporation that any process against it which is so served upon the secretary of state shall be of the same legal force and effect as if served personally on it within the state of Minnesota.

Sec. 165. Minnesota Statutes 1986, section 303.21, subdivision 3, is amended to read:

Subd. 3. [OTHER INSTRUMENTS.] A fee of \$20 shall be paid to the secretary of state for filing any instrument other than the annual report required by section 303.14, required or permitted to be filed under the provisions of this chapter. The fee For filing the annual report, a fee of \$30 shall be paid to the secretary of state. All fees shall be paid at the time of the filing of the instrument.

Sec. 166. Minnesota Statutes 1986, section 317.67, subdivision 2, is amended to read:

Subd. 2. The secretary of state shall collect a fee of ~~\$15~~ \$20 for filing any instrument that is required to be filed under this chapter.

Sec. 167. Minnesota Statutes 1986, section 322A.16, is amended to read:

#### 322A.16 [FILING IN OFFICE OF SECRETARY OF STATE.]

(a) A signed copy of the certificate of limited partnership, of any certificates of amendment or cancellation or of any judicial decree of amendment or cancellation shall be delivered to the secretary of state. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of the executor's authority as a prerequisite to filing. Unless the secretary of state finds that any certificate does not conform to law, upon receipt of a ~~\$10~~ \$20 filing fee and, in the case of a certificate of limited partnership, a \$50 initial fee, the secretary shall:

(1) endorse on the original the word "Filed" and the day, month and year of the filing; and

(2) return the original to the person who filed it or a representative.

(b) Upon the filing of a certificate of amendment or judicial decree of amendment in the office of the secretary of state, the certificate of limited partnership shall be amended as set forth in the amendment, and upon the effective date of a certificate of cancellation or a judicial decree of it, the certificate of limited partnership is canceled.

Sec. 168. Minnesota Statutes 1986, section 322A.71, is amended to read:

322A.71 [ISSUANCE OF REGISTRATION.]

(a) If the secretary of state finds that an application for registration conforms to law and a ~~\$10~~ \$20 filing fee and a \$50 initial registration fee has been paid, the secretary shall:

(1) endorse on the application the word "Filed," and the month, day and year of the filing thereof;

(2) file a duplicate original of the application; and

(3) issue a certificate of registration to transact business in this state.

(b) The certificate of registration, together with a duplicate original of the application, shall be returned to the person who filed the application or a representative of that person.

Sec. 169. Minnesota Statutes 1986, section 330.11, subdivision 3, is amended to read:

Subd. 3. Every nonresident applicant shall file an irrevocable consent that suits and actions may be commenced against such applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of the state of Minnesota. This consent shall stipulate that the service of such process or pleadings on the secretary of state shall be taken and held in all courts to be as valid and binding as if due service had been made upon the applicant in the state of Minnesota. In case any summons, process, or pleadings are served upon the secretary of state, it shall be by duplicate copies, one of which shall be retained in the office of the secretary of state, and the other to be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the secretary of state, against whom the summons, process, or pleadings may be divested. A fee of \$20 shall be paid to the secretary of state for each service.

Sec. 170. Minnesota Statutes 1986, section 333.055, subdivision 3, is amended to read:

Subd. 3. The secretary of state shall charge and collect:

(a) For the filing of each certificate or amended certificate of an assumed name - \$15

(b) Certificate renewal fee - ~~\$6~~ \$10.

Sec. 171. Minnesota Statutes 1986, section 363.05, subdivision 1, is amended to read:

Subdivision 1. [FORMULATION OF POLICIES.] The ~~commissioner~~ attorney general shall formulate policies to effectuate the purposes of this chapter and shall:

(1) Exercise leadership ~~under the direction of the governor~~ in the development of human rights policies and programs, and make recommendations to the governor and the legislature for their consideration and implementation;

(2) cooperate and consult with appropriate commissioners and agencies in developing plans and programs to most effectively serve the needs of Indians, to assist women and to fulfill the purposes of this chapter;

(3) establish and maintain a ~~principal office in St. Paul, and any other~~ necessary branch offices at any location within the state;

(4) meet and function at any place within the state;

(5) employ such hearing examiners, attorneys, clerks and other employees and agents as the commissioner may deem necessary and prescribe their duties;

(6) to the extent permitted by federal law and regulation, utilize the records of the department of jobs and training of the state when necessary to effectuate the purposes of this chapter;

(7) obtain upon request and utilize the services of all state governmental departments and agencies;

(8) adopt suitable rules for effectuating the purposes of this chapter;

(9) issue complaints, receive and investigate charges alleging unfair discriminatory practices, and determine whether or not probable cause exists for hearing;

(10) subpoena witnesses, administer oaths, take testimony, and require the production for examination of any books or papers relative to any matter under investigation or in question; authorize hearing examiners to exercise the authority conferred by this clause;

(11) attempt, by means of education, conference, conciliation, and persuasion to eliminate unfair discriminatory practices as being contrary to the public policy of the state;

(12) conduct research and study discriminatory practices;

(13) publish and distribute the results of research and study when in the judgment of the ~~commissioner~~ attorney general the purposes of this chapter, will be served thereby;

(14) develop and conduct programs of formal and informal education designed to eliminate discrimination and intergroup conflict by use of educational techniques and programs the ~~commissioner~~ attorney general deems necessary;

(15) make a written report of the activities of the ~~commissioner~~ under this chapter to the governor each year and to the legislature by November 15 of each even-numbered year;

(16) accept gifts, bequests, grants or other payments public and private to help finance the activities of the ~~department~~ this chapter;

(17) create such local and statewide advisory committees as will in the ~~commissioner's~~ attorney general's judgment aid in effectuating the purposes of the ~~department of human rights~~ this chapter;

(18) appoint a hearing examiner to preside at a public hearing on any complaint;

(19) develop such programs as will aid in determining the compliance throughout the state with the provisions of this chapter, and in the furtherance of such duties, conduct research and study discriminatory practices based upon race, color, creed, religion, national origin, sex, age, disability, marital status, status with regard to public assistance, familial status, or other factors and develop accurate data on the nature and extent of discrimination and other matters as they may affect housing, employment, public accommodations, schools, and other areas of public life;

(20) develop and disseminate technical assistance to persons subject to the provisions of this chapter, and to agencies and officers of governmental and private agencies;

(21) provide staff services to ~~such~~ advisory committees as may be created ~~in aid of the functions of the department of human rights~~;



(22) make grants in aid to the extent that appropriations are made available for that purpose in aid of carrying out duties and responsibilities; but no grant in aid shall be made without first obtaining the advice and consent of the board;

(23) develop educational programs, community organization programs, leadership development programs, motivational programs, and business development programs for the benefit of those persons theretofore and hereafter subject to prejudice and discrimination;

(24) provide information for and direction to a program designed to assist Indian citizens to assume all the rights, privileges, and duties of citizenship; and to coordinate and cooperate with local, state and national and private agencies providing services to the Indian people; and

(25) cooperate and consult with the commissioner of labor and industry regarding the investigation of violations of, and resolution of complaints regarding section 363.03, subdivision 9.

Sec. 172. Minnesota Statutes 1986, section 363.071, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF DISCRIMINATORY PRACTICE.] The hearing examiner shall make findings of fact and conclusions of law, and if the hearing examiner finds that the respondent has engaged in an unfair discriminatory practice, the hearing examiner shall issue an order directing the respondent to cease and desist from the unfair discriminatory practice found to exist and to take such affirmative action as in the judgment of the examiner will effectuate the purposes of this chapter. Such order shall be a final decision of the department attorney general. The examiner shall order any respondent found to be in violation of any provision of section 363.03 to pay a civil penalty to the state. This penalty is in addition to compensatory and punitive damages to be paid to an aggrieved party. The hearing examiner shall determine the amount of the civil penalty to be paid, taking into account the seriousness and extent of the violation, the public harm occasioned by the violation, whether the violation was intentional, and the financial resources of the respondent. Any penalties imposed under this provision shall be paid into the general fund of the state. In all cases where the examiner finds that the respondent has engaged in an unfair discriminatory practice the examiner shall order the respondent to pay an aggrieved party, who has suffered discrimination, compensatory damages in an amount up to three times the actual damages sustained. In all cases, the examiner may also order the respondent to pay an aggrieved party, who has suffered discrimination, damages for mental anguish or suffering and reasonable attorney's fees, in addition to punitive damages in an amount not more than \$6,000. Punitive damages shall be awarded pursuant to section 549.20. In any case where a political subdivision is a

respondent the total of punitive damages awarded an aggrieved party may not exceed \$6,000 and in that case if there are two or more respondents the punitive damages may be apportioned among them. Punitive damages may only be assessed against a political subdivision in its capacity as a corporate entity and no regular or ex officio member of a governing body of a political subdivision shall be personally liable for payment of punitive damages pursuant to this subdivision. In addition to the aforesaid remedies, in a case involving discrimination in

(a) employment, the examiner may order the hiring, reinstatement or upgrading of an aggrieved party, who has suffered discrimination, with or without back pay, admission or restoration to membership in a labor organization, or admission to or participation in an apprenticeship training program, on-the-job training program, or other retraining program, or any other relief the examiner deems just and equitable.

(b) housing, the examiner may order the sale, lease, or rental of the housing accommodation or other real property to an aggrieved party, who has suffered discrimination, or the sale, lease or rental of a like accommodation or other real property owned by or under the control of the person against whom the complaint was filed, according to terms as listed with a real estate broker, or if no such listing has been made, as otherwise advertised or offered by the vendor or lessor, or any other relief the examiner deems just and equitable.

The examiner shall cause the findings of fact, conclusions of law, and order to be served on the respondent personally, the charging party by registered or certified mail, and shall furnish copies to the attorney general and the commissioner.

Sec. 173. Minnesota Statutes 1986, 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~~ attorney general has dismissed a charge because it is frivolous or without merit, because the charging party has failed to provide required information, because the ~~commissioner~~ attorney general has determined that further use of ~~department~~ the attorney general's resources is not warranted, or because the ~~commissioner~~ attorney general has determined that there is no probable cause to credit the allegations contained in a charge filed with the ~~commissioner~~ attorney general; (2) within 45 days after the ~~commissioner~~ attorney general has reaffirmed a

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~~ attorney general has not entered into a conciliation agreement to which the charging party is a signator. The charging party shall notify the ~~commissioner~~ attorney general of an intention to bring a civil action, which shall be commenced within 90 days of giving the notice.

(e) ~~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, of the 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 the charge; provided that the action is filed on or before February 1, 1982.~~

A charging party bringing a civil action shall mail by registered or certified mail a copy of the summons and complaint to the ~~commissioner~~ attorney general, and upon their receipt the ~~commissioner~~ attorney general shall terminate all proceedings in the department relating to the charge. No charge shall be filed or reinstated with the ~~commissioner~~ attorney general 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~~ attorney general to intervene in a civil action brought pursuant to this section upon certification that the case is of general public importance.

Sec. 174. Minnesota Statutes 1986, section 403.11, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY TELEPHONE SERVICE FEE.] (a) Each customer of a local exchange company is assessed a fee to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for minimum 911 emergency telephone service, plus administrative and staffing costs of the department of administration related to managing the 911 emergency telephone service program.

(b) The fee may not be less than eight cents nor more than 30 cents a month for each customer access line, including trunk equivalents as designated by the public utilities commission for access charge purposes. The fee must be the same for all customers.

(c) The fee must be collected by each utility providing local exchange telephone service. Fees are payable to and must be submitted to the commissioner of administration monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telephone service account in the special revenue fund and are appropriated to the commissioner of administration to pay the costs of the program.

(d) The commissioner of administration, with the approval of the commissioner of finance, shall establish the amount of the fee within the limits specified and inform the utilities of the amount to be collected. Utilities must be given a minimum of 45 days notice of fee changes.

Sec. 175. Minnesota Statutes 1986, section 462A.05, is amended by adding a subdivision to read:

Subd. 25. [GRANTS FOR HOUSING FOR VERY LOW INCOME PERSONS LIVING ALONE.] The agency may make grants for residential housing to be used by very low income persons living alone whose annual gross income does not exceed 150 percent of the poverty line as updated by the United States Office of Management and Budget. The grants may be made to cities, joint powers boards established by two or more cities, housing and redevelopment authorities created under sections 462.415 to 462.705, or nonprofit entities as defined by the agency. The occupants of the residential housing must be offered a written lease that complies with section 325G.31, offers the occupants the option to renew, and prohibits eviction of an occupant without good cause. Grants under this subdivision shall not exceed 50 percent of the development costs for the residential housing, and shall not be made for any residential housing that requires the occupants to accept board as well as lodging. In making grants, the agency shall determine the circumstances, terms, and conditions under which all or part of the grant will be repaid and the appropriate security if repayment is required.

Sec. 176. Minnesota Statutes 1986, section 462A.21, is amended by adding a subdivision to read:

Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for very low income persons under section 174 from funds specifically appropriated by the legislature for that purpose and may pay the costs and expenses for the development and operation of the program.

Sec. 177. Minnesota Statutes 1986, section 473.351, is amended by adding a subdivision to read:

Subd. 3. [RESTRICTION.] Any metropolitan area regional park receiving grant money for maintenance and operation costs must agree:

(1) to sell licenses, passes, or registrations required to engage in recreational activities appropriate to the park or the site of the park when a building on the park site is staffed and open to the public; and

(2) to provide drinking water supplies adequate for the recreational uses of the park. Each implementing agency must consult with groups representing users of its parks to determine the adequacy of drinking water supplies.

Sec. 178. [480.231] [SOFTWARE SALES.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding any other law, the supreme court may sell or license self-developed or vendor custom-developed computer software products or systems through whatever sales method the supreme court, in its discretion, considers appropriate. Prices for the software products or systems may be based on market considerations. The court is given this authorization to fulfill the public purpose of offsetting its software development costs through the sale of products developed.

Subd. 2. [SOFTWARE SALE FUND.] Proceeds of the sale or licensing of software products or systems by the supreme court shall be deposited in a dedicated supreme court software sale fund. All interest earnings from investment of money in the fund shall be credited to the fund. The money in the fund never cancels and is available until expended.

Sec. 179. Minnesota Statutes 1986, section 480.241, is amended to read:

480.241 [FILING FEE SURCHARGE IN CIVIL ACTIONS.]

Subdivision 1. [AMOUNT OF SURCHARGE; COLLECTION BY COURT ADMINISTRATORS.] A plaintiff, petitioner, defendant, respondent, intervenor or moving party in any district, county or municipal court civil action or civil proceeding in which an initial filing fee is payable by that party, except a marriage dissolution or conciliation court action, shall pay to the court administrator of district or county court or court administrator of the municipal courts of Hennepin county or Ramsey county a surcharge of \$10 \$20 in addition to the initial filing fee otherwise prescribed. A plaintiff, defendant or moving party in any conciliation court action in which

an initial filing fee is payable shall pay to the court administrator of conciliation court a surcharge of \$1 in addition to the initial filing fee otherwise prescribed. Notwithstanding any other law or rule to the contrary, no surcharge shall be paid by any governmental unit of the state of Minnesota, any local unit of government, or agency thereof, when the governmental unit, local government, or agency thereof is a party to any civil action or civil proceeding in the municipal courts of Hennepin or Ramsey counties, or in any county court.

Subd. 2. [TRANSMITTAL OF SURCHARGE TO SUPREME COURT.] Notwithstanding any other law or rule to the contrary, all surcharges collected pursuant to subdivision 1 shall be transmitted monthly by the district, county and conciliation court court administrators and municipal court administrators to the supreme court for deposit in a legal services account in the special revenue fund as follows:

(a) Between July 1, 1987, and June 30, 1989, one-half of the surcharges shall be deposited in a legal services account in the special revenue fund. Of the other one-half of the surcharges, between July 1, 1987, and June 30, 1989, 60 percent shall be deposited in a family farm legal assistance program account under section 480.250; the remaining surcharges collected between July 1, 1987, and June 30, 1989, shall be deposited in a software sale fund under section 480.235.

(b) After June 30, 1989, two-thirds of the surcharge shall be deposited in a legal services account in the special revenue fund and one-third shall be deposited in a software sale fund under section 480.235.

Sec. 180. [480.245] [JUDICIAL FEE IN CIVIL ACTIONS AND CONCILIATION COURTS.]

Subdivision 1. [AMOUNT OF FEE; COLLECTION BY COURT ADMINISTRATORS.] A plaintiff, petitioner, defendant, respondent, intervenor, or moving party in a civil action or civil proceeding in which an initial filing fee is payable by that party, except a marriage dissolution or conciliation court action, shall pay to the court administrator a judicial fee of \$4 in addition to the civil surcharge and the initial filing fee otherwise prescribed under section 480.241. A plaintiff, defendant, or moving party in a conciliation court action in which an initial filing fee is payable shall pay to the court administrator a judicial fee of \$1 in addition to the civil surcharge and the initial filing fee otherwise prescribed. The court administrator may waive the judicial fee authorized under this section if the party is indigent, or is a victim of a crime against a person and is seeking to enforce a restitution order against the perpetrator of the crime. Notwithstanding any other law or rule to the contrary, no fee must be paid by any governmental unit of the state of Minnesota,

any local unit of government, or agency of those units, when the governmental unit, local government, or agency is a party to any civil action or civil proceeding.

Subd. 2. [TRANSMITTAL OF FUNDS.] All fees collected under subdivision 1 shall be paid to the state treasurer for deposit in the state general fund.

Sec. 181. Minnesota Statutes 1986, section 480A.03, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE AUTHORITY.] The chief judge, subject to the authority of the chief justice, shall appoint a three-member executive committee that shall exercise general administrative authority over the court. The chief judge executive committee shall make assignments of judges to serve on the panels of the court and shall designate the places at which the panels will hear arguments.

Sec. 182. Minnesota Statutes 1986, section 480A.08, subdivision 3, is amended to read:

Subd. 3. [DECISIONS.] A decision shall be rendered in every case within 90 days after oral argument or after the final submission of briefs or memoranda by the parties, whichever is later. The chief justice or the chief judge may waive the 90-day limitation for any proceeding before the court of appeals for good cause shown. In every case, the decision of the court, including any and a written opinion containing a summary of the case and a statement of the reasons for its decision, shall be indexed and made readily available.

Sec. 183. Minnesota Statutes 1986, section 480A.09, subdivision 1, is amended to read:

Subdivision 1. [APPEALS.] Oral argument in appeals from trial courts shall may be heard:

(a) In appeals from trial courts in Hennepin and Ramsey counties, at a session of the court of appeals in Hennepin or Ramsey county.

(b) In appeals from trial courts in other counties, at a session of the court of appeals in the judicial district in which the county is located.

Sec. 184. Minnesota Statutes 1986, section 480A.09, subdivision 2, is amended to read:

Subd. 2. [CERTIORARI.] Oral arguments on writs of certiorari to review decisions of the commissioner of jobs and training shall may be heard as provided in this subdivision.

(1) If the claimant for benefits is a real party in interest in the proceedings and resides in Hennepin or Ramsey county, in one of those counties;

(2) If the claimant for benefits is a real party in interest in the proceedings and resides elsewhere in the state, in the judicial district of the claimant's residence;

(3) Otherwise, at a place as designated by the appellate administrator.

Sec. 185. Minnesota Statutes 1986, section 480A.09, subdivision 4, is amended to read:

Subd. 4. [PETITIONS FOR REVIEW.] Oral arguments on petitions to review decisions of administrative agencies in contested cases, pursuant to sections 14.63 to 14.68 shall may be heard:

(a) If the petitioner resides outside of Hennepin and Ramsey counties, but within Minnesota, either at the session of the court of appeals in Hennepin or Ramsey county, or at a session of the court of appeals in the judicial district in which the petitioner resides, as designated by the petitioner in the petition for review.

(b) If the petitioner resides in Hennepin or Ramsey counties, or outside of Minnesota, at a session of the court of appeals in Hennepin or Ramsey county.

Sec. 186. [481.011] [CLIENT SECURITY BOARD.]

Fees that are received under rules or orders adopted or made by the supreme court governing the client security fund shall be paid to the state treasurer and constitute a special fund in the state treasury. The money in the fund is appropriated to the supreme court for the payment of expenses of the client security board and claims approved by it. The money in the fund never cancels and is available until expended. All interest earnings accruing to the fund shall be credited to the account. Payments therefrom shall be made by the state treasurer, upon warrants of the commissioner of finance, issued upon vouchers as authorized by the supreme court.

Sec. 187. Minnesota Statutes 1986, section 487.21, subdivision 4, is amended to read:

Subd. 4. Notwithstanding any contrary provisions in the rules of criminal procedure, if a municipality is located in more than one county court district, or in more than one county within a county court district, as those districts existed before merger of the trial courts under section 487.191, the county in which the city hall of the municipality is located determines the county or county court



district in which the municipality shall be deemed located for the purposes of matters that were placed within the jurisdiction of the county courts under sections 487.01 to 487.39; provided, however, that the municipality by ordinance enacted may designate, for those purposes, some other county or district in which a part of the municipality is located.

Sec. 188. Minnesota Statutes 1986, section 540.152, is amended to read:

**540.152 [SERVICE OF PROCESS ON UNIONS, GROUPS OR ASSOCIATIONS.]**

The transaction of any acts, business or activities within the state of Minnesota by any officer, agent, representative, employee or member of any union or other groups or associations having officers, agents, members or property without the state on behalf of the union or other groups or associations or any of its members or affiliated local unions shall be deemed an appointment by the union or other groups or associations of the secretary of state of the state of Minnesota to be the true and lawful attorney of the union or other groups or associations, upon whom may be served all legal processes or notices in any action or proceeding against or involving the union or other groups or associations growing out of any acts, business or activities within the state of Minnesota resulting in damage or loss to person or property or giving rise to any cause of action under the laws of the state of Minnesota or to any matters or proceedings arising under the Minnesota Labor Relations Act. Such acts, business or activities shall be a signification of the agreement of the union or other groups or associations and its members that any process or notice in any action, matter or proceeding against or involving it, which is so served, shall be of the same legal force and validity as if served upon the union or other groups or associations and its members personally. Service of process or notice shall be made by filing a copy thereof in the office of the secretary of state, together with payment of a fee of \$15 \$20 and together with an affidavit stating that no officer or managing agent of the union or other group or association has been found in this state and setting forth an address to which the service shall be forwarded. The service shall be sufficient service upon the union or other groups or associations and its members. Notice of service and a copy of the process or notice shall, within ten days thereafter, be sent by mail by the person who caused it to be served on the union or other groups or associations at its last known address and an affidavit of compliance with the provisions of this chapter shall be filed with the court or other state agency or department before which the action, matter, or proceeding is pending.

Sec. 189. Minnesota Statutes 1986, section 543.08, is amended to read:

## 543.08 [SUMMONS, SERVICE UPON CERTAIN CORPORATIONS.]

If a private domestic corporation has no officer at the registered office of the corporation within the state upon whom service can be made, of which fact the return of the sheriff of the county in which that office is located, or the affidavit of a private person not a party, that none can be found in that county shall be conclusive evidence, service of the summons upon it may be made by depositing two copies, together with a fee of ~~\$15~~ \$20 with the secretary of state, which shall be deemed personal service upon the corporation. One of the copies shall be filed by the secretary, and the other forthwith mailed by the secretary to the corporation by certified mail, if the place of its main office is known to the secretary or is disclosed by the files in the office.

If the defendant is a foreign insurance corporation, the summons may be served by two copies delivered to the commissioner of commerce, who shall file one in the commissioner's office and forthwith mail the other postage prepaid to the defendant at its home office.

Sec. 190. Minnesota Statutes 1986, section 609.101, is amended to read:

609.101 [SURCHARGE ON FINES, ASSESSMENTS; MINIMUM FINES.]

Subdivision 1. [SURCHARGES AND 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 \$25 nor more than \$50. 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 the person's immediate family, not waive payment or authorize payment of the assessment or surcharge in installments unless it makes written findings on the record that the convicted person is indigent or that the assessment or surcharge would create undue hardship for the convicted person or that person's immediate family; however, if the court waives payment or authorizes payment in installments, it shall state in writing on the record the reasons for its action. If the court fails to waive or impose an assessment required by this section, the court administrator shall correct the record to show imposition of an assessment of \$25 if the sentence does not include payment of a fine,

or if the sentence includes a fine, to show an imposition of a surcharge of 10 percent of the fine.

Except for assessments and surcharges imposed on persons convicted of violations described in section 97A.065, subdivision 2, 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 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, indicating the part that was imposed for violations described in section 97A.065, subdivision 2, which must be credited to the game and fish fund.

Subd. 2. [MINIMUM FINES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of violating section 609.221, 609.267, or 609.342, it must impose a fine of not less than \$500 nor more than the maximum fine authorized by law;

(2) when a court sentences a person convicted of violating section 609.222, 609.223, 609.2671, 609.343, 609.344, or 609.345, it must impose a fine of not less than \$300 nor more than the maximum fine authorized by law; and

(3) when a court sentences a person convicted of violating section 609.2231, 609.224, or 609.2672, it must impose a fine of not less than \$100 nor more than the maximum fine authorized by law.

The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would

create undue hardship for the convicted person or that person's immediate family.

The court shall collect the minimum fine mandated by this subdivision and forward 70 percent of it to a local victim assistance program that provides services locally in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the crime victim and witness account established in subdivision 1. If more than one victim assistance program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the nature of the crime committed, the types of victims served by the program, and the funding needs of the program. If no victim assistance program serves that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the crime victim and witness account. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims. Fine proceeds credited to the crime victim and witness account may be appropriated to the crime victim and witness advisory council, and the council may use all or part of the proceeds for the purpose of providing grants to establish new victim assistance programs.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1, and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

As used in this subdivision, "victim assistance program" means any of the following programs approved by the department of corrections: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 191. Minnesota Statutes 1986, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] Receipts from penalty assessments must be credited to a peace officers training account in the special revenue fund. Money credited to the peace officers training account may be appropriated for but not limited to the following purposes, among others:

(a) Up to ten percent may be provided for reimbursement to board approved skills courses in proportion to the number of students successfully completing the board's skills licensing examination.

(b) Assessments related to violations described in section 97.49, subdivision 5, are appropriated to provide peace officer training for persons employed by the commissioner of natural resources who are

licensed under section 626.84, subdivision 1, clause (e), and who possess peace officer authority for the purpose of enforcing game and fish laws.

(e) The balance may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214.

Sec. 192. [POSTRETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.]

Subdivision 1. [ENTITLEMENT.] Any recipient receiving a retirement annuity, disability benefit, or surviving spouse's annuity or benefit from a retirement fund named in subdivision 3, clauses (1) to (5), computed under the laws in effect before June 1, 1973, if the recipient is receiving an annuity or benefit from the fund named in subdivision 3, clause (4), or before July 1, 1973, if the recipient is receiving an annuity or benefit from a fund named in subdivision 3, clause (1), (2), (3), or (5), any recipient receiving either an annuity computed under the laws in effect before March 5, 1974, or a "\$2 bill and annuity" annuity from the fund named in subdivision 3, clause (6), and any recipient receiving an annuity, disability benefit, or surviving spouse's annuity or benefit from the fund named in subdivision 3, clause (5), that was computed under the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on or before December 31, 1977, is entitled to receive a postretirement adjustment from the appropriate retirement fund in the amount specified in subdivision 2.

Subd. 2. [AMOUNT OF POSTRETIREMENT ADJUSTMENT; PAYMENT.] Any recipient receiving an annuity or benefit on November 30, 1987, or on November 30, 1988, and entitled to a postretirement adjustment under subdivision 1, shall receive an adjustment. The adjustment shall be a lump sum payment in an amount equal to \$25 during 1987 and \$25 during 1988 for each full year of allowable service credited to the recipient by the appropriate retirement fund. Adjustments shall be payable on December 1, 1987, to recipients receiving an annuity or benefit on November 30, 1987, and on December 1, 1988, to recipients receiving an annuity or benefit on November 30, 1988. Nothing in this section shall authorize the payment of an adjustment to an estate. Notwithstanding Minnesota Statutes, section 356.18, the adjustment provided for in this section shall be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the adjustment not be paid.

Subd. 3. [COVERED RETIREMENT FUNDS.] The postretirement adjustment provided for in this section shall apply to the following retirement funds:

- (1) public employees retirement fund;
- (2) public employees police and fire fund;
- (3) teachers retirement fund;
- (4) state patrol retirement fund;
- (5) state employees retirement fund of the Minnesota state retirement system; and
- (6) Minneapolis employees retirement fund.

Subd. 4. [AUTHORIZATION FOR EMPLOYER CONTRIBUTION INCREASES.] The governing boards of the Minnesota State Retirement System and the Public Employees Retirement Association may each year require employers to contribute the following amounts in addition to the other contributions specified in statute:

- (1) for employers of members of the MSRS general plan, a percentage, not to exceed .14 percent, which when applied to the covered payroll will raise an amount approximately equal to the cost of the supplemental benefits authorized in subdivisions 1, 2, and 3;
- (2) for employers of members of the MSRS highway patrol plan, a percentage, not to exceed .30 percent, which when applied to the covered payroll will raise an amount approximately equal to the cost of the supplemental benefits authorized in subdivisions 1, 2, and 3;
- (3) for employers of members of the PERA general plan, a percentage, not to exceed .15 percent, which when applied to the covered payroll will raise an amount approximately equal to the cost of the supplemental benefits authorized in subdivisions 1, 2, and 3;
- (4) for employers of members of the PERA police and fire plan, a percentage, not to exceed .06 percent, which when applied to the covered payroll will raise an amount approximately equal to the cost of the supplemental benefits authorized in subdivisions 1, 2, and 3.

Subd. 5. [TERMINAL AUDIT.] Each fund named in subdivision 3 shall, as soon as practical following payment of the December 1, 1988 postretirement adjustment, calculate the amount of any appropriation apportioned to it in excess of the amounts required to pay the adjustments. Calculations shall be reported to and verified by the commissioner of finance, and amounts of any excess appropriation shall be returned to the general fund.

There is appropriated during the 1988-1989 biennium, the amount of \$5,716,000 for the purpose of funding the postretirement adjustments provided for in section 191. The appropriation shall be apportioned to the retirement funds paying the adjustment as follows:

	<u>Fiscal Year</u> 1988	<u>Fiscal Year</u> 1989
<u>Teachers retirement fund</u>	1,915,275	1,803,225
<u>Minneapolis employees retirement fund</u>	1,025,000	973,000

**Sec. 194. [COVERT INVESTIGATIVE ACTIVITIES.]**

A six-member joint legislative committee shall investigate the covert investigative activities of the department of natural resources and the bureau of criminal apprehension. The committee consists of three house members, including one member of the minority caucus, appointed by the speaker of the house, and three senate members, including one member of the minority caucus, appointed pursuant to the rules of the senate. The committee shall review the manner in which the covert investigative activities are carried out and the budget for the activities. The committee shall conclude its work by December 31, 1988.

**Sec. 195. [RETURN OF APPLICATION DEPOSIT REQUIRED.]**

The department of energy and economic development shall refund to the city of Hastings any remaining application deposit received during calendar year 1984 from the city of Hastings in connection with the Hastings hydroelectric project pursuant to Minnesota Statutes, section 474.19 and retained by the department.

\$60,000 is appropriated from the general fund to the department of energy and economic development to refund the industrial development bond allocation application deposit to the city of Hastings.

**Sec. 196. [REVISOR'S INSTRUCTION.]**

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the term "attorney general's" for "commissioner's" and "department's" and the term "attorney general" for "commissioner," "commissioner of human rights," "department", and "department of human rights" whenever those terms are used to refer to the commissioner of human rights or the department of human rights.

**Sec. 197. [REPEALERS.]**

Subdivision 1. Minnesota Statutes 1986, sections 3.9226, subdivision 8; 3C.035, subdivision 2; 3C.055; 3C.056; 3C.057; 6.495, subdivision 2; 92.67, subdivision 6; 116J.87; 179A.03, subdivision 3;

179A.05; 296.421, subdivision 5a; 363.01, subdivisions 14 and 26; 363.04, subdivisions 1, 2, 9 and 10; 363.12, subdivision 3; and 363.121 are repealed.

Subd. 2. Minnesota Statutes 1986, section 473.351, subdivision 5, is repealed effective the day following final enactment.

Sec. 198. [EFFECTIVE DATES.]

Subdivision 1. Building fund appropriations transfer effective the day following final enactment.

Subd. 2. Section 76 is effective July 1, 1987, provided the commissioner shall not implement the program until the legislature appropriates the necessary funds.

Subd. 3. (a) The additional judgeships authorized for judicial districts in section 2.722 are established as follows:

(1) one judgeship in the first judicial district, three judgeships in the fourth judicial district, and one judgeship in the tenth judicial district are effective on July 1, 1987;

(2) one judgeship in the first judicial district, three judgeships in the fourth judicial district, and one judgeship in the tenth judicial district are effective on July 1, 1988;

(3) one judgeship in the first judicial district, three judgeships in the fourth judicial district, one judgeship in the seventh judicial district, and one judgeship in the tenth judicial district are effective on July 1, 1989, if an appropriation is made; and

(4) one judgeship in the first judicial district, two judgeships in the fourth judicial district, and one judgeship in the tenth judicial district is effective on July 1, 1990, if an appropriation is made.

(b) Section 179 is effective on July 1, 1987.

Subd. 4. Except as provided in this section, sections 84.091, subdivision 3; 97A.415, subdivision 1; and 97A.445 to 97A.485 are effective for the licensing year beginning March 1, 1988, and for each licensing year after that date. The nonresident married couple angling licenses, and sections 97A.445, subdivision 1; 97A.451, subdivision 4; and 97A.485, subdivision 6 are effective beginning July 1, 1987, and for each licensing year after that date. The 24 hour resident and nonresident angling licenses are effective beginning June 1, 1987, and for each licensing year after that date.

Subd. 5. Sections 49, 50, and 195 are effective the day following final enactment."



Delete the title and insert:

“A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; providing for a study of the Minnesota veterans' home; providing for information systems management; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; amending Minnesota Statutes 1986, sections 2.722, subdivision 1; 3.099, subdivision 3; 3.30, subdivision 2; 3.85, subdivision 12; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.07, subdivisions 1 and 2; 14.08; 14.47, subdivision 8; 15.01; 15.06, subdivision 1; 15A.081, subdivision 1; 16A.127, subdivision 8; 16A.85, by adding a subdivision; 16B.20, subdivision 2; 16B.41; 16B.42, subdivision 4; 69.021, subdivision 5; 84.01, subdivision 3; 84.091, subdivision 3; 84.83, subdivision 3; 85.30; 85.41; 85.42; 85.43; 85.45; 85A.04, subdivision 1; 88.065; 88.17, subdivision 2; 88.75, subdivision 1; 88.76; 88.79, subdivision 2; 89.04; 92.46, subdivision 1; 92.67, subdivisions 1, 4, and by adding a subdivision; 93.335, subdivision 4; 97A.061, subdivision 1; 97A.065, subdivision 2; 97A.105, subdivision 1; 97A.415, subdivision 1; 97A.445, subdivision 1; 97A.451, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20; 97A.485, subdivision 6; 97C.211, by adding a subdivision; 115A.15, subdivision 6; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.49; 115A.51; 115A.52; 115A.53; 115A.917; 116.41, subdivision 2; 116J.615, by adding a subdivision; 116M.06, subdivisions 2 and 4; 116M.11, subdivision 2; 161.1419, subdivision 4; 175A.07, subdivision 2; 176.611, subdivisions 2, 6a, and by adding a subdivision; 179A.03, subdivision 17; 179A.04, subdivision 3; 179A.13; 179A.16; 179A.21; 179A.25; 197.481, subdivision 5; 204B.11, subdivision 1; 221.67; 271.01, by adding a subdivision; 273.1314, subdivision 16a; 296.16, subdivision 1; 296.421, subdivision 5; 302A.011, subdivision 11; 302A.153; 303.13, subdivision 1; 303.21, subdivision 3; 317.67, subdivision 2; 322A.16; 322A.71; 330.11, subdivision 3; 333.055, subdivision 3; 363.05, subdivision 1; 363.071, subdivision 2; 363.14, subdivision 1; 403.11, subdivision 1; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.351, by adding a subdivision; 480.241; 480A.03, subdivision 2; 480A.08, subdivision 3; 480A.09, subdivisions 1, 2, and 4; 487.21, subdivision 4; 540.152; 543.08; 609.101; 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 43A; 84; 86; 88; 89; 93; 97A; 97C; 115A; 480; 481; repealing Minnesota Statutes 1986, sections 3.9226, subdivision 8; 3C.035, subdivision 2; 3C.055; 3C.056; 3C.057; 6.495, subdivision 2; 92.67, subdivision 6; 116J.87; 179A.03, subdivision 3; 179A.05; 296.421, subdivision 5a; 363.01, subdivisions 14 and 26; 363.04, subdivisions 1, 2, 9, and 10; 363.12, subdivision 3; 363.121; 473.351, subdivision 5.”

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. No. 1315 was read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Jaros introduced:

H. F. No. 1644, A bill for an act relating to the city of Duluth; limiting the increase in assessed value for taxes payable in 1987.

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

Kalis, Seaberg and Rodosovich introduced:

H. F. No. 1645, 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 and referred to the Committee on Appropriations.

Blatz, Kelly, Solberg, Vellenga and Dempsey introduced:

H. F. No. 1646, A bill for an act relating to adoptions; regulating the practice and permitting intermediaries to arrange adoptions; providing penalties; amending Minnesota Statutes 1986, sections 259.21, by adding a subdivision; 259.22, subdivision 2; 259.24, subdivisions 2 and 6a; 259.25, subdivisions 1 and 2a; 259.255; 259.27, subdivision 2; 259.31; 259.46, subdivision 1; and 259.47; proposing coding for new law in Minnesota Statutes, chapter 259.

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

Bishop and Vellenga introduced:

H. F. No. 1647, A bill for an act relating to family law; providing for surrogate mother agreements; proposing coding for new law as Minnesota Statutes, chapter 259A.

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

#### HOUSE ADVISORIES

The following House Advisories were introduced:

Clark, Greenfield, Jefferson, Trimble and Steensma introduced:

H. A. No. 31, A proposal to study the effect on Minnesota citizens of premature hospital discharges.

The advisory was referred to the Committee on Health and Human Services.

Clark, Greenfield, Quist, Morrison and Long introduced:

H. A. No. 32, A proposal to study public efforts in education, prevention and research on AIDS.

The advisory was referred to the Committee on Health and Human Services.

Price and Clark introduced:

H. A. No. 33, A proposal to study the appeals procedure for enrollees of health maintenance organizations.

The advisory was referred to the Committee on Health and Human Services.

#### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 462, A resolution memorializing the United States Congress to maintain the Veteran's Administration system of health care facilities.

H. F. No. 1034, A bill for an act relating to crimes; repealing the requirement that the department of public safety must keep a record of all first convictions for the crime of possessing a small amount of marijuana; amending Minnesota Statutes 1986, section 152.15, subdivision 2.

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. 554, A bill for an act relating to natural resources; changing certain provisions relating to state park motor vehicle permits; amending Minnesota Statutes 1986, section 85.05, subdivision 2.

The Senate has appointed as such committee:

Messrs. Pehler, Morse and Frederickson, D. R.

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. 753, A bill for an act relating to education; providing aids to education, aids to libraries, appropriations to the state academies for the deaf and blind, and the department of education; changing secondary pupil unit weighting; establishing a formula equity allowance; changing the calculation of special education aid; increasing the community education formula; changing the capital expenditure formula; changing the secondary vocational funding formula; increasing desegregation levies and appropriating desegregation aid; appropriating money; amending Minnesota Statutes 1986, sections 43A.08, subdivisions 1 and 1a; 43A.18, subdivision 4; 118.12; 118.13; 118.14; 120.03, subdivision 1; 120.0752, by adding a subdivision; 120.17, subdivisions 1, 2, 3, 3a, 3b, 5, 7a, 12, and by adding subdivisions; 121.609, subdivision 4; 121.612, subdivisions 3,

5, and by adding subdivisions; 121.87, subdivision 1, and by adding a subdivision; 121.88, subdivision 2, and by adding a subdivision; 121.935, subdivision 6; 121.936, subdivision 1; 122.541, subdivision 2; 123.36, subdivision 13; 123.39, subdivision 1, and by adding a subdivision; 123.58, subdivisions 6 and 8a; 123.705, subdivision 1; 124.05, subdivision 1; 124.17, subdivisions 1 and 1a; 124.195, subdivision 9; 124.2138, subdivision 4, and by adding a subdivision; 124.2162, by adding a subdivision; 124.223; 124.225, subdivisions 1, 4b, 7b, 8a, 8i, 10, and by adding a subdivision; 124.245, subdivisions 1, 3, and by adding subdivisions; 124.246, subdivision 2; 124.247, subdivision 3; 124.252, subdivision 3; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.272, subdivision 1; 124.273, subdivision 1b, and by adding subdivisions; 124.32; 124.481; 124.524, by adding a subdivision; 124.573; 124.574, subdivisions 2b, 3, 4, and by adding subdivisions; 124.646, subdivision 1; 124A.01; 124A.02, subdivisions 7, 8, 9, 16, and by adding subdivisions; 124A.03, subdivisions 1a, 3, and by adding a subdivision; 124A.033, subdivision 2; 124A.036, by adding a subdivision; 124A.06; 124A.08, subdivisions 1, 3a, and 5; 124A.10, subdivision 1, and by adding a subdivision; 124A.12, subdivision 1; 124A.14, subdivision 4; 125.03, subdivision 5; 125.05, subdivision 1; 125.185, subdivision 4; 125.611, subdivisions 10, 11, 12, and 13; 126.02, subdivision 2; 126.48, by adding a subdivision; 126.56, subdivisions 3 and 6; 126.65; 126.66, subdivisions 1, 6, and by adding subdivisions; 126.67, subdivisions 1, 1a, 2a, 3a, 6, and 9; 126.81, subdivision 2; 129B.041, subdivisions 1 and 3; 134.10; 136D.27; 136D.71; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5, 6e, 8c, 9, 11a, 11c, and by adding subdivisions; Laws 1984, chapter 463, article 6, section 15, subdivision 1; Laws 1986, First Special Session chapter 1, article 5, section 9; proposing coding for new law in Minnesota Statutes, chapters 43A; 121; 122; 123; 124A; 125; 126; 128A; 129B; and 134; repealing Minnesota Statutes 1986, sections 120.17, subdivision 13; 123.937; 124.05, subdivision 2; 124.185; 124.2161; 124.2162; 124.2163; 124.225, subdivision 1a; 124.273, subdivision 2b; 124.275; 124A.20; 125.611, subdivisions 8 and 9; 129B.01; 129B.02; 129B.04; 129B.041, subdivision 4; 129B.05; 129B.17; 129B.20; 129B.21; 129B.35; 129B.37; and 275.125, subdivision 5d.

The Senate has appointed as such committee:

Messrs. Peterson, R. W. and Pehler; Meses. Peterson, D. C. and Reichgott and Mr. DeCramer.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVER, 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. 436, A bill for an act relating to agriculture; providing minimum standards for seed potatoes; proposing coding for new law in Minnesota Statutes, chapter 21.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Lieder moved that the House concur in the Senate amendments to H. F. No. 436 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 436, A bill for an act relating to agriculture; providing minimum standards for seed potatoes; proposing coding for new law in Minnesota Statutes, chapter 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. There were 83 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jefferson	McKasy	Ozment	Solberg
Battaglia	Johnson, A.	McLaughlin	Pappas	Sparby
Beard	Johnson, R.	McPherson	Pelowski	Stanius
Begich	Kahn	Milbert	Peterson	Swenson
Bennett	Kelly	Minne	Price	Tompkins
Bertram	Kelso	Munger	Quinn	Trimble
Bishop	Kinkel	Murphy	Reding	Tunheim
Brown	Kludt	Nelson, C.	Rest	Uphus
Carlson, L.	Knuth	Nelson, D.	Rice	Vanasek
Carruthers	Kostohryz	Nelson, K.	Riveness	Vellenga
Clark	Krueger	Neuenschwander	Rodosovich	Voss
Cooper	Larsen	O'Connor	Rose	Welle
Dauner	Lasley	Ogren	Rukavina	Wenzel
DeBlicke	Lieder	Olson, E.	Sarna	Wynia
Greenfield	Long	Omam	Segal	Spk. Norton
Gruenes	Marsh	Orenstein	Simoneau	
Jacobs	McEachern	Otis	Skoglund	

Those who voted in the negative were:

Bauerly	Frerichs	Knickerbocker	Poppenhagen	Steensma
Blatz	Gutknecht	McDonald	Redalen	Sviggum
Burger	Hartle	Miller	Richter	Thiede
Clausnitzer	Haukoos	Morrison	Schafer	Tjornhom
Dempsey	Hugoson	Olsen, S.	Scheid	Valento
Dille	Jennings	Olson, K.	Schoenfeld	Waltman
Dorn	Jensen	Onnen	Schreiber	Winter
Forsythe	Johnson, V.	Osthoff	Seaberg	
Frederick	Kalis	Pauly	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 House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 668, A bill for an act relating to health; extending the moratorium on hospital capacity expansion; amending Laws 1984, chapter 654, article 5, section 57, subdivision 1.

PATRICK E. FLAHAVERN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Gruenes moved that the House concur in the Senate amendments to H. F. No. 668 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 668, A bill for an act relating to health; extending and creating exceptions to the moratorium on hospital capacity expansion; amending Laws 1984, chapter 654, article 5, section 57, subdivisions 1 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. There were 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Krueger	Olson, E.	Schafer
Battaglia	Greenfield	Larsen	Olson, K.	Scheid
Bauerly	Gruenes	Lasley	Omann	Schoenfeld
Beard	Gutknecht	Lieder	Orenstein	Schreiber
Begich	Hartle	Long	Osthoff	Seaberg
Bennett	Haukoos	Marsh	Otis	Segal
Bertram	Hugoson	McDonald	Ozment	Shaver
Bishop	Jacobs	McEachern	Pappas	Simoneau
Blatz	Jaros	McKasy	Pauly	Skoglund
Boo	Jefferson	McLaughlin	Pelowski	Solberg
Brown	Jennings	McPherson	Peterson	Sparby
Burger	Jensen	Milbert	Poppenhagen	Stanius
Carlson, D.	Johnson, A.	Miller	Price	Steensma
Carlson, L.	Johnson, R.	Minne	Quinn	Sviggum
Carruthers	Johnson, V.	Morrison	Redalen	Swenson
Clark	Kahn	Munger	Reding	Thiede
Clausnitzer	Kalis	Murphy	Rest	Tjornhom
Cooper	Kelly	Nelson, C.	Rice	Tompkins
Dauner	Kelso	Nelson, D.	Richter	Tunheim
DeBlieck	Kinkel	Nelson, K.	Riveness	Uphus
Dempsey	Kludt	Neuenschwander	Rodosovich	Valento
Dorn	Knickerbocker	O'Connor	Rose	Vanasek
Forsythe	Knuth	Ogren	Rukavina	Vellenga
Frederick	Kostohryz	Olsen, S.	Sarna	Voss

Waltman	Wenzel	Wynia
Welle	Winter	Spk. Norton

Those who voted in the negative were:

Onnen

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. 1355, A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to conventions and tourism activities; providing for the use of certain tax revenues; amending Laws 1986, chapter 396, section 4, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of Senate

#### CONCURRENCE AND REPASSAGE

Greenfield moved that the House concur in the Senate amendments to H. F. No. 1355 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1355, A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to conventions and tourism activities; providing for the use of certain tax revenues; amending Laws 1986, chapter 396, sections 2, subdivision 1; and 4, subdivisions 2 and 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Cooper	Gruenes	Jennings
Anderson, R.	Boo	Dauner	Gutknecht	Jensen
Battaglia	Brown	DeBlieck	Hartle	Johnson, A.
Bauerly	Burger	Dempsey	Haukoos	Johnson, R.
Beard	Carlson, D.	Dorn	Himle	Johnson, V.
Begich	Carlson, L.	Forsythe	Hugoson	Kahn
Bennett	Carruthers	Frederick	Jacobs	Kalis
Bertram	Clark	Frerichs	Jaros	Kelly
Bishop	Clausnitzer	Greenfield	Jefferson	Kelso



Kinkel	Miller	Osthoff	Rose	Swenson
Kludt	Minne	Otis	Rukavina	Thiede
Knickerbocker	Morrison	Ozment	Sarna	Tjornhom
Knuth	Munger	Pappas	Schafer	Tompkins
Kostohryz	Murphy	Pauly	Scheid	Trimble
Krueger	Nelson, C.	Pelowski	Schoenfeld	Tunheim
Larsen	Nelson, D.	Peterson	Schreiber	Uphus
Lasley	Nelson, K.	Poppenhagen	Seaberg	Valento
Lieder	Neuenschwander	Price	Segal	Vanasek
Long	O'Connor	Quinn	Shaver	Vellenga
Marsh	Ogren	Quist	Simoneau	Voss
McDonald	Olsen, S.	Redalen	Skoglund	Waltman
McEachern	Olson, E.	Reding	Solberg	Welle
McKasy	Olson, K.	Rest	Sparby	Wenzel
McLaughlin	Omann	Rice	Stamius	Winter
McPherson	Onnen	Richter	Steensma	Wynia
Milbert	Orenstein	Rodosovich	Sviggum	Spk. Norton

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. 243, A bill for an act relating to the organization and operation of state government; appropriating money for human services, corrections, health, economic security, and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 15A.081, subdivision 1; 86.33; subdivisions 2 and 3; 136C.06; 144.55, subdivision 6; 144.68; 144.69; 144A.05; 144A.071, subdivision 3; 144A.27; 144A.33, subdivision 3; 171.29, subdivision 2; 245.713, subdivision 2; 246.50, subdivisions 3, 4a, 5, 7, and by adding a subdivision; 246.51; 246.511; 251.011, subdivision 6; 252.275, subdivisions 1, 2, 4, and 7; 256.01, subdivisions 2 and 4; 256.045, subdivision 3; 256.73, by adding a subdivision; 256.736, subdivisions 3, 4, 6, and by adding subdivisions; 256.74, subdivision 1; 256.969, subdivision 2; 256.98; 256B.02, subdivision 8, and by adding a subdivision; 256B.03, subdivision 1; 256B.04, subdivisions 14 and 15; 256B.06, subdivision 1, and by adding a subdivision; 256B.064, subdivision 1a; 256B.15; 256B.17, subdivisions 4 and 5; 256B.19, subdivision 1; 256B.35, subdivisions 1 and 2; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 2e, 3a, 4, and by adding subdivisions; 256B.433; 256B.47, subdivision 1, and by adding subdivisions; 256B.48, subdivisions 1 and 6; 256B.50, subdivision 2; 256B.69, subdivisions 6, 11, and by adding subdivisions; 256C.26; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8; 256D.03, subdivisions 3, 4, and by adding a subdivision; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.06, subdivisions 1, 1b, 2, 3, and 6; 256D.08, subdivision 1; 256D.101; 256D.15; 256D.22; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.06, by adding a subdivision; 256E.07, by adding a subdivision; 256E.12, subdivision 3;

257.35; 257.351, subdivision 15, and by adding subdivisions; 257.354, subdivision 4, and by adding a subdivision; 268.0111, subdivision 8; 268.0122, subdivisions 2 and 3; 268.36; 268.37, subdivision 3; 268.673, subdivision 5, and by adding a subdivision; 268.6751; 268.676; 268.677, subdivision 1; 268.678, subdivisions 1 and 4; 268.681, subdivision 2, and by adding a subdivision; 268.85, subdivision 2; 268.86, subdivisions 1, 2, and 4; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.88; 268.89, subdivision 2; 268.91, subdivisions 1, 2, 3, 4, 5, 6, 7, and by adding subdivisions; 268.911, subdivision 1; 393.07, subdivision 10; 517.08, subdivision 1a; 524.3-1201; proposing coding for new law in Minnesota Statutes, chapters 62D; 144; 144A; 245; 246; 256; 256B; 256D; 256E; 257; and 268; repealing Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.69, subdivision 1a; 245.713, subdivisions 1 and 3; 245.73; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 4, 5, 11, and 12; 256E.12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Wynia moved that the House refuse to concur in the Senate amendments to H. F. No. 243, 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. 674, A bill for an act relating to crimes; dictating circumstances in which the court may stay execution of sentence following conviction for a second or subsequent offense relating to criminal sexual conduct; providing that information regarding a sexual assault victim is private; amending Minnesota Statutes 1986, sections 609.346, subdivisions 2 and 3; and 611A.06.

PATRICK E. FLAHAVEN, Secretary of the Senate

Blatz moved that the House refuse to concur in the Senate amendments to H. F. No. 674, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

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. 854, A bill for an act relating to judgments; clarifying the procedure and cost for filing foreign judgments; clarifying the procedure to be used in securing a judgment and execution; amending Minnesota Statutes 1986, sections 548.27; 548.30; 549.09; and 550.04.

PATRICK E. FLAHAVEN, Secretary of the Senate

Orenstein moved that the House refuse to concur in the Senate amendments to H. F. No. 854, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 80:

S. F. No. 80, A bill for an act relating to insurance; providing flexibility in the amount of coverages other than for the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Waldorf, Kroening and Larson.

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

McLaughlin 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. 80. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 89:

S. F. No. 89, A bill for an act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 336.9-501; 550.365; 559.209; 581.015; 583.22, subdivisions 2 and 8, and by adding a subdivision; 583.24, subdivisions 1, 3, and by adding a subdivision; 583.26, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, and by adding a subdivision; 583.27, subdivisions 1, 3, and 4; 583.28; and 583.285; proposing coding for new law in Minnesota Statutes, chapter 583.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Berg; Stumpf; Brandl; Frederickson, D. R., and Davis.

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

Schoenfeld 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. 89. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 94:

S. F. No. 94, A bill for an act relating to public health; requiring an itemized billing for hearing aid repairs; amending Minnesota Statutes 1986, section 145.43, by adding a subdivision.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Davis, Marty and Knutson.

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

Bauerly 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. 94. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 282:

S. F. No. 282, A bill for an act relating to metropolitan government; permitting regional railroad authorities to engage in certain activities; amending Minnesota Statutes 1986, section 473.398.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Luther and Purfeerst; Mmes. McQuaid and Lantry and Mr. Kroening.

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

Nelson, K., 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. 282. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1515:

S. F. No. 1515, A bill for an act relating to higher education; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, the Mayo medical foundation, and the Minnesota job skills partnership board, with certain conditions; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 136A.101, by adding a subdivision; 136A.111, by adding a subdivision; 136A.121, subdivisions 4 and 5; 136A.132, subdivisions 3, 6, and 7; 136A.233, subdivisions 1 and 2; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.31, subdivision 3; and

645.445, subdivision 5; Laws 1983, chapter 334, section 7; repealing Minnesota Statutes 1986, section 136.09, subdivision 3.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Waldorf; Hughes; Dicklich; Johnson, D. E., and Taylor.

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

Anderson, G., 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. 1515. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1516:

S. F. No. 1516, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; fixing and limiting fees; amending Minnesota Statutes 1986, sections 12.14; 17A.04, subdivision 5; 18.51, subdivision 2; 18.52, subdivision 5; 18.53; 27.041, subdivision 2; 28A.08; 32.075; 32.59; 60A.14, subdivision 1; 60A.206, subdivision 2; 60A.23, subdivision 7; 70A.14, subdivision 4; 83.23, subdivisions 2 and 3; 83.30, subdivision 2; 138.65; 138.91, by adding a subdivision; 309.531, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 332.33, subdivisions 3 and 4; amending Laws 1975, chapter 235, section 2, as amended.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Langseth, Purfeerst, Lessard, Metzen and Mehrkens.

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

Anderson, G., 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. 1516. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 1184, 1204, 1268, 1313, 343, 1081, 1084, 1097, 446, 537, 785, 830, 292, 465, 743, 800, 69, 911, 915, 1230, 1308, 802, 1160, 1261 and 1323.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1184, A bill for an act relating to state lands; authorizing the conveyance of certain lands in Pine county to the Amherst H. Wilder Foundation; amending Laws 1981, chapter 354, section 1, subdivisions 1 and 5; repealing Laws 1981, chapter 354, section 1, subdivisions 2, 3, and 4.

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

S. F. No. 1204, A bill for an act relating to community dispute resolution programs; authorizing the state and municipalities to make grants to programs; proposing coding for new law in Minnesota Statutes, chapter 494.

The bill was read for the first time.

Carruthers moved that S. F. No. 1204 and H. F. No. 1561, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1268, A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

The bill was read for the first time.

Nelson, C., moved that S. F. No. 1268 and H. F. No. 1188, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1313, A bill for an act relating to insurance; liquor liability assigned risk plan; regulating assigned risk plan premiums; amending Minnesota Statutes 1986, section 340A.409, subdivision 3.

The bill was read for the first time.

Osthoff moved that S. F. No. 1313 and H. F. No. 1482, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 343, A bill for an act relating to transportation; authorizing the issuance of limousine license plates; allowing limousines to have tinted windows; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision; and 169.71, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 168.

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

S. F. No. 1081, A bill for an act relating to custody; providing that evidence of domestic abuse is relevant to determinations of custody; amending Minnesota Statutes 1986, sections 518.17, subdivision 1; and 518B.01, by adding a subdivision.

The bill was read for the first time.

Rest moved that S. F. No. 1081 and H. F. No. 1278, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1084, A bill for an act relating to local government; authorizing cities to impose a street access charge and providing for its collection; proposing coding for new law in Minnesota Statutes, chapter 471.

The bill was read for the first time.

Jensen moved that S. F. No. 1084 and H. F. No. 1163, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.



S. F. No. 1097, A bill for an act relating to crimes; domestic assault; requiring courts to issue written orders for conditional release; requiring arrest on violation of conditions of release; providing for notice to alleged victims of conditions of release; amending Minnesota Statutes 1986, section 629.72, subdivision 2, and by adding subdivisions.

The bill was read for the first time.

Kludt moved that S. F. No. 1097 and H. F. No. 1129, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 446, A bill for an act relating to civil actions; limitations on commencement of actions; providing for the limitation of actions for the recovery of wages before administrative agencies; amending Minnesota Statutes 1986, section 541.07.

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

S. F. No. 537, A bill for an act relating to public safety; imposing mandatory minimum penalties on habitual DWI offenders; amending Minnesota Statutes 1986, section 169.121, by adding a subdivision.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 537 and H. F. No. 1165, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 785, A bill for an act relating to crimes; eliminating consent defense to charge of depriving another of parental rights; allowing filing of felony charges before 14 days have elapsed; increasing penalty for depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2, 5, and 6.

The bill was read for the first time.

Segal moved that S. F. No. 785 and H. F. No. 307, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 830, A bill for an act relating to commerce; regulating nonrenewals and transfers of franchises; providing civil liability for

unfair practices in relation to franchises; amending Minnesota Statutes 1986, sections 80C.14; and 80C.17, subdivision 1.

The bill was read for the first time.

Gruenes moved that S. F. No. 830 and H. F. No. 1404, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 292, A bill for an act relating to insurance; health and accident; requiring coverage for scalp hair prostheses in certain circumstances; amending Minnesota Statutes 1986, section 62E.06, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Tunheim moved that S. F. No. 292 and H. F. No. 71, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 465, A bill for an act relating to transportation; providing for reduced speeds in work zones; providing for payment of administrative, filing, and plate fees; restricting unauthorized use of motor vehicles on public airport property; defining peace officer; describing qualifications for aircraft dealers license; amending Minnesota Statutes 1986, sections 168.012, subdivision 1c; 169.14, by adding a subdivision; 360.018, subdivision 6, and by adding a subdivision; 360.0751, subdivision 1; and 360.63, subdivision 1.

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

S. F. No. 743, A bill for an act relating to financial institutions; permitting additional detached facilities; amending Minnesota Statutes 1986, sections 47.52; and 49.34, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

The bill was read for the first time.

Wynia moved that S. F. No. 743 and H. F. No. 791, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 800, A bill for an act relating to financial institutions; authorizing certain charges on open-end loan account arrange-

ments; amending Minnesota Statutes 1986, section 48.185, subdivision 4.

The bill was read for the first time.

Wynia moved that S. F. No. 800 and H. F. No. 986, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 69, A bill for an act relating to natural resources; establishing a commercial fish raising program; amending Minnesota Statutes 1986, sections 97A.475, by adding a subdivision; 97C.211, subdivisions 1 and 2, and by adding a subdivision; and 97C.391; proposing coding for new law in Minnesota Statutes, chapters 17 and 97C.

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

S. F. No. 911, A bill for an act relating to education; requiring school districts to make available instruction in Braille reading and writing to blind pupils; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was read for the first time.

Rukavina moved that S. F. No. 911 and H. F. No. 967, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 915, A bill for an act relating to crime; amending trespass law to prohibit harassment on private property; prohibiting following and stalking with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; prohibiting intentional harassment by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.605, subdivision 1; 609.746; 609.79, subdivision 1; and 609.795.

The bill was read for the first time.

Pappas moved that S. F. No. 915 and H. F. No. 1115, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1230, A bill for an act relating to the Minnesota state historical society; providing for preservation and interpretation of

public areas of the state capitol; amending Minnesota Statutes 1986, section 138.67; proposing coding for new law in Minnesota Statutes, chapter 138.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

S. F. No. 1308, A bill for an act relating to game and fish; designation and use of waterfowl feeding or resting areas; amending Minnesota Statutes 1986, section 97A.095, subdivision 2.

The bill was read for the first time.

Rose moved that S. F. No. 1308 and H. F. No. 1409, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 802, A bill for an act relating to education; appropriating funds from litigation to the state university board; clarifying that the state university board may consider the qualifications of bidders in capital project awards; allowing the board to receive nonstate funds for building on state land and to control bidding, contract awards and construction; authorizing the board to buy land; authorizing the board to trade state land; requiring legislative consultation before the board proceeds with construction, land purchases or trades; amending Minnesota Statutes 1986, section 136.142, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 136.

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

S. F. No. 1160, A bill for an act relating to state lands; providing for exchange of tax-forfeited peat lands in Aitkin county.

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

S. F. No. 1261, A bill for an act relating to the state building code; changing certain provisions relating to public buildings; amending Minnesota Statutes 1986, sections 16B.60, subdivisions 3 and 6; 16B.61, by adding a subdivision; and 16B.71.

The bill was read for the first time.

DeBlieck moved that S. F. No. 1261 and H. F. No. 1060, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1323, A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1986, sections 169.123, subdivision 7; 325B.15; 487.01, subdivisions 2, 3, and 4; 487.21, subdivision 4; 487.23, subdivisions 1, 2, and 3; 487.25, subdivisions 1 and 2; 487.33, subdivision 1; 488A.01, subdivision 14; 488A.18, subdivision 14; 501.35; and 525.712; repealing Minnesota Statutes 1986, sections 466.03, subdivision 2; 487.39; and 595.04.

The bill was read for the first time.

Bishop moved that S. F. No. 1323 and H. F. No. 1511, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Boo and Gutknecht were excused between the hours of 12:00 noon and 12:25 p.m.

### CONSENT CALENDAR

S. F. No. 1183 was reported to the House.

Schreiber moved to amend S. F. No. 1183, as follows:

Page 1, line 9, before "American" insert "governing body of the American Swedish Institute, for the premises known as the"

The motion prevailed and the amendment was adopted.

S. F. No. 1183, A bill for an act relating to alcoholic beverages; authorizing the city of Minneapolis to issue an on-sale liquor license to the American Swedish Institute.

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 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Ozment	Simoneau
Anderson, R.	Hartle	Long	Pappas	Solberg
Battaglia	Haukoos	Marsh	Pauly	Sparby
Bauerly	Himle	McKasy	Pelowski	Stanius
Beard	Hugoson	McLaughlin	Peterson	Steensma
Begich	Jacobs	McPherson	Poppenhagen	Swenson
Bennett	Jaros	Milbert	Price	Tjornhom
Bertram	Jefferson	Miller	Quinn	Tompkins
Blatz	Jennings	Minne	Redalen	Trimble
Brown	Jensen	Morrison	Reding	Tunheim
Burger	Johnson, A.	Mungér	Rest	Uphus
Carlson, D.	Johnson, V.	Murphy	Rice	Valento
Carlson, L.	Kahn	Nelson, C.	Richter	Vanasek
Carruthers	Kalis	Nelson, D.	Riveness	Vellenga
Clark	Kelly	Nelson, K.	Rodosovich	Voss
Clausnitzer	Kelso	Neuenschwander	Rose	Wagenius
Cooper	Kinkel	Ogren	Rukavina	Waltman
Dempsey	Kludt	Olsen, S.	Sarna	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	
Greenfield	Lasley	Otis	Shaver	

Those who voted in the negative were:

Dauner	McDonald	Osthoff	Skoglund
DeBlicek	McEachern	Quist	Swiggum
Johnson, R.	O'Connor	Schafer	Thiede

The bill was passed, as amended, and its title agreed to.

### SPECIAL ORDERS

Simoneau was excused between the hours of 12:15 p.m. and 1:20 p.m.

S. F. No. 225, A bill for an act relating to towns; providing for powers of town boards and board members; providing for elections; providing conditions for ownership of town cemetery lots; amending Minnesota Statutes 1986, sections 365.10; 365.27; 365.37; 365.51; 366.01, by adding a subdivision; 367.03; 367.33, subdivisions 1, 4, and 5; and 471.96; repealing Minnesota Statutes 1986, section 365.06.

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 127 yeas and 0 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Hartle	Long	Otis	Solberg
Anderson, R.	Haukoos	Marsh	Ozment	Sparby
Battaglia	Heap	McDonald	Pappas	Stanius
Bauerly	Himle	McEachern	Pauly	Steensma
Beard	Hugoson	McKasy	Pelowski	Sviggum
Begich	Jacobs	McLaughlin	Peterson	Swenson
Bennett	Jaros	McPherson	Poppenhagen	Thiede
Bertram	Jefferson	Milbert	Price	Tjornhom
Bishop	Jennings	Miller	Quinn	Tompkins
Blatz	Jensen	Minne	Quist	Trimble
Brown	Johnson, A.	Morrison	Redalen	Tunheim
Carlson, L.	Johnson, R.	Munger	Reding	Uphus
Carruthers	Johnson, V.	Murphy	Rest	Valento
Clark	Kahn	Nelson, C.	Rice	Vanasek
Clausnitzer	Kalis	Nelson, D.	Richter	Vellenga
Cooper	Kelly	Nelson, K.	Riveness	Voss
Dauner	Kelso	Neuenschwander	Rodosovich	Wagenius
DeBlicke	Kinkel	O'Connor	Rukavina	Waltman
Dempsey	Kludt	Ogren	Sarna	Welle
Dille	Knickerbocker	Olsen, S.	Schafer	Wenzel
Dorn	Knuth	Olson, E.	Scheid	Winter
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Wynia
Frederick	Krueger	Omann	Seaberg	Spk. Norton
Frerichs	Larsen	Onnen	Segal	
Greenfield	Lasley	Orenstein	Shaver	
Gruenes	Lieder	Osthoff	Skoglund	

The bill was passed and its title agreed to.

The Speaker called Long to the Chair.

S. F. No. 183, A bill for an act relating to snowmobiles; authorizing certain operators possessing a motor vehicle operator's license to cross a highway; amending Minnesota Statutes 1986, section 84.872.

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.	Carlson, L.	Frerichs	Jensen	Krueger
Anderson, R.	Carruthers	Greenfield	Johnson, A.	Larsen
Battaglia	Clark	Gruenes	Johnson, R.	Lasley
Bauerly	Clausnitzer	Hartle	Johnson, V.	Lieder
Beard	Cooper	Haukoos	Kahn	Long
Begich	Dauner	Heap	Kalis	Marsh
Bennett	DeBlicke	Himle	Kelso	McDonald
Bertram	Dempsey	Hugoson	Kinkel	McEachern
Bishop	Dille	Jacobs	Kludt	McKasy
Blatz	Dorn	Jaros	Knickerbocker	McLaughlin
Brown	Forsythe	Jefferson	Knuth	McPherson
Carlson, D.	Frederick	Jennings	Kostohryz	Milbert

Miller	Omann	Redalen	Seaberg	Tunheim
Minne	Onnen	Reding	Segal	Uphus
Morrison	Orenstein	Rest	Shaver	Valento
Munger	Osthoff	Rice	Skoglund	Vanasek
Murphy	Otis	Richter	Solberg	Voss
Nelson, C.	Ozment	Riveness	Sparby	Wagenius
Nelson, D.	Pappas	Rodosovich	Stanisus	Waltman
Nelson, K.	Pauly	Rose	Steensma	Welle
Neuenschwander	Pelowski	Rukavina	Sviggum	Wenzel
O'Connor	Peterson	Sarna	Swenson	Winter
Ogren	Poppenhagen	Schafer	Thiede	Spk. Norton
Olsen, S.	Price	Scheid	Tjornhom	
Olson, E.	Quinn	Schoenfeld	Tompkins	
Olson, K.	Quist	Schreiber	Trimble	

The bill was passed and its title agreed to.

H. F. No. 307 was reported to the House.

There being no objection, H. F. No. 307 was continued on Special Orders for one day.

S. F. No. 461, A bill for an act relating to natural resources; changing certain provisions relating to the sale of state timber; eliminating laws relating to white pine blister rust control and cutting notices; amending Minnesota Statutes 1986, sections 88.49, subdivisions 5, 9, and 11; 90.031, subdivision 3; 90.041, subdivision 2; 90.101, subdivision 1; 90.14; 90.151, subdivisions 1 and 13; 90.161, subdivision 1; 90.173; and 97A.205; repealing Minnesota Statutes 1986, sections 18.431 to 18.436 and 88.13.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Jennings	Long	Olsen, S.
Anderson, R.	Dauner	Jensen	Marsh	Olson, E.
Battaglia	DeBlieck	Johnson, A.	McDonald	Olson, K.
Bauerly	Dempsey	Johnson, R.	McEachern	Omann
Beard	Dorn	Johnson, V.	McKasy	Onnen
Begich	Forsythe	Kahn	McLaughlin	Orenstein
Bennett	Frederick	Kalis	McPherson	Osthoff
Bertram	Frerichs	Kelly	Milbert	Otis
Bishop	Greenfield	Kelso	Minne	Ozment
Blatz	Gutknecht	Kinkel	Morrison	Pappas
Boo	Hartle	Kludt	Munger	Pauly
Brown	Haukoos	Knickerbocker	Murphy	Pelowski
Burger	Heap	Knuth	Nelson, C.	Peterson
Carlson, D.	Himle	Kostohryz	Nelson, D.	Poppenhagen
Carlson, L.	Hugoson	Krueger	Nelson, K.	Price
Carruthers	Jacobs	Larsen	Neuenschwander	Quinn
Clark	Jaros	Lasley	O'Connor	Quist
Clausnitzer	Jefferson	Lieder	Ogren	Redalen



Reding	Sarna	Skoglund	Tjornhom	Voss
Rest	Schafer	Solberg	Tompkins	Wagenius
Rice	Scheid	Sparby	Trimble	Waltman
Richter	Schoenfeld	Stanius	Tunheim	Welle
Riveness	Schreiber	Steensma	Uphus	Wenzel
Rodosovich	Seaberg	Sviggum	Valento	Winter
Rose	Segal	Swenson	Vanasek	Wynia
Rukavina	Shaver	Thiede	Vellenga	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1163 was reported to the House.

There being no objection, H. F. No. 1163 was continued on Special Orders for one day.

H. F. No. 1409 was reported to the House.

There being no objection, H. F. No. 1409 was continued on Special Orders for one day.

H. F. No. 1188 was reported to the House.

There being no objection, H. F. No. 1188 was continued on Special Orders for one day.

H. F. No. 1278 was reported to the House.

There being no objection, H. F. No. 1278 was continued on Special Orders for one day.

H. F. No. 1511 was reported to the House.

There being no objection, H. F. No. 1511 was continued on Special Orders for one day.

H. F. No. 1482 was reported to the House.

There being no objection, H. F. No. 1482 was continued on Special Orders for one day.

S. F. No. 593 was reported to the House.

Greenfield moved that S. F. No. 593 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 557 was reported to the House.

Kostohryz and Stanius moved to amend S. F. No. 557, the unofficial engrossment, as follows:

Page 4, delete line 20, and insert "If a majority of all the voters voting in the county at the election vote in"

The motion prevailed and the amendment was adopted.

S. F. No. 557, A bill for an act relating to Ramsey county; providing for a charter commission to recommend a form of county government and providing for its adoption.

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 78 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Lasley	Onnen	Rukavina
Battaglia	Frederick	McDonald	Orenstein	Sarna
Bauerly	Gruenes	McEachern	Osthoff	Scheid
Beard	Hartle	McKasy	Otis	Schoenfeld
Begich	Jacobs	Milbert	Ozment	Seaberg
Bennett	Jaros	Minne	Pappas	Solberg
Bertram	Jennings	Morrison	Pauly	Tompkins
Bishop	Jensen	Murphy	Pelowski	Tunheim
Boo	Johnson, A.	Nelson, C.	Price	Valento
Brown	Johnson, R.	Nelson, D.	Quinn	Vellenga
Burger	Johnson, V.	Nelson, K.	Redalen	Wagenius
Carlson, D.	Kalis	Neuenschwander	Reding	Wenzel
Carlson, L.	Kelso	O'Connor	Rest	Wynia
Cooper	Kinkel	Ogren	Rice	Spk. Norton
Dauner	Knuth	Olson, K.	Riveness	
Dempsey	Kostohryz	Omann	Rose	

Those who voted in the negative were:

Blatz	Gutknecht	Knickerbocker	Poppenhagen	Steensma
Carruthers	Haukoos	Larsen	Quist	Sviggum
Clark	Heap	Lieder	Richter	Swenson
Clausnitzer	Himle	McLaughlin	Rodosovich	Thiede
DeBlicke	Hugoson	McPherson	Schafer	Tjornhom
Dorn	Jefferson	Miller	Schreiber	Trimble
Forsythe	Kahn	Olsen, S.	Shaver	Voss
Frerichs	Kelly	Olson, E.	Sparby	Waltman
Greenfield	Kludt	Peterson	Stanius	Welle
				Winter

The bill was passed, as amended, and its title agreed to.

H. F. No. 967 was reported to the House.

There being no objection, H. F. No. 967 was continued on Special Orders for one day.

S. F. No 79 was reported to the House.

Vellenga moved to amend S. F. No. 79, as follows:

Page 3, line 25, delete "federation" and insert "national board"

Page 3, line 26, delete "boards" and insert "examiners"

Page 10, line 23, after "finds" insert ", after notice and hearing,"

The motion prevailed and the amendment was adopted.

S. F. No. 79, A bill for an act relating to occupations and professions; generally revising and updating the laws relating to licensure of podiatrists; providing for definitions, licensing, practice without a license, disciplinary action, and investigations; providing penalties; amending Minnesota Statutes 1986, sections 153.01, subdivisions 2 and 3; 153.02; 153.03; 214.01; and 319A.02; proposing coding for new law in Minnesota Statutes, chapter 153; repealing Minnesota Statutes 1986, sections 153.01, subdivision 4; 153.04 to 153.09; 153.13; 153.14; and 153.15.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Jaros	Lasley	Neuenschwander
Anderson, R.	Dauner	Jefferson	Lieder	O'Connor
Battaglia	DeBlieck	Jennings	Long	Ogren
Bauerly	Dempsey	Jensen	Marsh	Olsen, S.
Beard	Dille	Johnson, A.	McDonald	Olsen, E.
Begich	Dorn	Johnson, R.	McEachern	Olsen, K.
Bennett	Forsythe	Johnson, V.	McKasy	Omann
Bertram	Frederick	Kahn	McLaughlin	Onnen
Bishop	Frerichs	Kalis	McPherson	Orenstein
Blatz	Greenfield	Kelly	Milbert	Osthoff
Boo	Gruenes	Kelso	Miller	Otis
Brown	Gutknecht	Kinkel	Minne	Ozment
Burger	Hartle	Kludt	Morrison	Pappas
Carlson, D.	Haukoos	Knickerbocker	Munger	Pauly
Carlson, L.	Heap	Knuth	Murphy	Pelowski
Carruthers	Himle	Kostohryz	Nelson, C.	Peterson
Clark	Hugoson	Krueger	Nelson, D.	Poppenhagen
Clausnitzer	Jacobs	Larsen	Nelson, K.	Price

Quinn	Rose	Shaver	Tjornhom	Wagenius
Quist	Rukavina	Skoglund	Tompkins	Waltman
Redalen	Sarna	Solberg	Trimble	Welle
Reding	Schafer	Sparby	Tunheim	Wenzel
Rest	Scheid	Stanius	Uphus	Winter
Rice	Schoenfeld	Steensma	Valento	Wynia
Richter	Schreiber	Sviggum	Vanasek	Spk. Norton
Riveness	Seaberg	Swenson	Vellenga	
Rodosovich	Segal	Thiede	Voss	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1115 was reported to the House.

There being no objection, H. F. No. 1115 was continued on Special Orders for one day.

S. F. No. 605, A bill for an act relating to crimes; defining the crime of using police radios while committing a criminal act; prescribing penalties; amending Minnesota Statutes 1986, section 609.035; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ferichs	Larsen	Orenstein	Seaberg
Anderson, R.	Greenfield	Lasley	Osthoff	Segal
Battaglia	Gruenes	Long	Otis	Shaver
Bauerly	Hartle	Marsh	Ozment	Skoglund
Beard	Haukoos	McDonald	Pappas	Solberg
Begich	Heap	McEachern	Pauly	Sparby
Bennett	Himle	McKasy	Pelowski	Stanius
Bertram	Hugoson	McLaughlin	Peterson	Steensma
Bishop	Jacobs	McPherson	Poppenhagen	Sviggum
Blatz	Jaros	Milbert	Price	Swenson
Boo	Jefferson	Miller	Quinn	Thiede
Brown	Jennings	Minne	Quist	Tjornhom
Burger	Jensen	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, A.	Munger	Reding	Trimble
Carlson, L.	Johnson, R.	Murphy	Rest	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Rice	Uphus
Clark	Kahn	Nelson, D.	Richter	Valento
Clausnitzer	Kalis	Nelson, K.	Riveness	Vanasek
Cooper	Kelly	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelso	O'Connor	Rose	Voss
DeBleck	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knickerbocker	Olson, E.	Schafer	Welle
Dorn	Knuth	Olson, K.	Scheid	Wenzel
Forsythe	Kostohryz	Omann	Schoenfeld	Winter
Frederick	Krueger	Onnen	Schreiber	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

Otis 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 Speaker pro tempore Long.

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Tuesday, May 5, 1987:

H. F. Nos. 401, 792, 1026 and 1071; S. F. No. 1152; H. F. No. 1393; S. F. No. 578; H. F. No. 1561; S. F. No. 25; H. F. No. 569; S. F. No. 751; H. F. Nos. 1515 and 1035; S. F. No. 353; H. F. Nos. 1283, 1350, 940 and 1129; S. F. No. 1114; H. F. Nos. 1622, 508, 867 and 1156; S. F. No. 385; H. F. Nos. 1302, 65 and 663.

#### SPECIAL ORDERS

H. F. No. 401 was reported to the House.

Sparby, Kalis and Anderson, G., moved to amend H. F. No. 401, the fourth engrossment, as follows:

Page 3, line 8, delete everything after the comma and insert "except for those wastes exempted under Minnesota Rules, parts 7045.0120, 7045.0213, and 7045.0304 in effect January 1, 1987."

Page 3, delete line 9

Page 7, delete lines 2 to 19

The motion prevailed and the amendment was adopted.

H. F. No. 401, A bill for an act relating to environment; providing criminal penalties for violation of laws and rules relating to hazardous waste; providing for the distribution and expenditure of monetary penalties; amending Minnesota Statutes 1986, sections 115.071, subdivision 2; and 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115; repealing Minnesota Statutes 1986, section 115.071, subdivisions 2a and 2b.

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 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Otis	Simoneau
Anderson, R.	Gutknecht	Marsh	Ozment	Skoglund
Battaglia	Hartle	McDonald	Pappas	Solberg
Bauerly	Haukoos	McEachern	Pauly	Sparby
Beard	Heap	McKasy	Pelowski	Stanius
Begich	Himle	McLaughlin	Peterson	Steensma
Bennett	Jacobs	McPherson	Poppenhagen	Sviggum
Bertram	Jaros	Milbert	Price	Swenson
Bishop	Jefferson	Minne	Quinn	Thiede
Brown	Jennings	Morrison	Quist	Tjornhom
Burger	Jensen	Munger	Redalen	Tompkins
Carlson, D.	Johnson, A.	Murphy	Reding	Trimble
Carlson, L.	Johnson, R.	Nelson, C.	Rest	Tunheim
Carruthers	Johnson, V.	Nelson, D.	Rice	Uphus
Clark	Kahn	Nelson, K.	Richter	Valento
Clausnitzer	Kalis	Neuenschwander	Riveness	Vanasek
Cooper	Kelly	O'Connor	Rodosovich	Vellenga
Dauner	Kinkel	Ogren	Rose	Voss
DeBlieck	Kludt	Olsen, S.	Rukavina	Wagenius
Dempsey	Knuth	Olson, E.	Sarna	Waltman
Dille	Kostohryz	Olson, K.	Schafer	Welle
Dorn	Krueger	Omann	Scheid	Wenzel
Forsythe	Larsen	Onnen	Schoenfeld	Winter
Frederick	Lasley	Orenstein	Schreiber	Wynia
Greenfield	Lieder	Osthoff	Shaver	Spk. Norton

Those who voted in the negative were:

Frerichs	Hugoson	Knickerbocker	Miller	Seaberg
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The bill was passed, as amended, and its title agreed to.

H. F. No. 792, A bill for an act relating to credit unions; permitting certain groups to join existing credit unions; amending Minnesota Statutes 1986, section 52.05.

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. There were 120 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Onnen	Seaberg
Anderson, R.	Greenfield	Lasley	Orenstein	Segal
Battaglia	Gutknecht	Lieder	Osthoff	Shaver
Bauerly	Hartle	Long	Otis	Simoneau
Beard	Haukoos	Marsh	Ozment	Solberg
Begich	Heap	McDonald	Pappas	Sparby
Bennett	Hugoson	McEachern	Pauly	Stanius
Bertram	Jacobs	McKasy	Pelowski	Sviggum
Bishop	Jefferson	McLaughlin	Peterson	Swenson
Blatz	Jennings	McPherson	Price	Tjornhom
Boo	Jensen	Milbert	Quinn	Tompkins
Brown	Johnson, A.	Minne	Redalen	Trimble
Burger	Johnson, R.	Morrison	Reding	Tunheim
Carlson, D.	Johnson, V.	Munger	Rest	Uphus
Carlson, L.	Kahn	Murphy	Rice	Valento
Carruthers	Kalis	Nelson, C.	Richter	Vanasek
Clark	Kelly	Nelson, D.	Riveness	Vellenga
Clausnitzer	Kelso	Nelson, K.	Rodosovich	Voss
Cooper	Kinkel	Neuenschwander	Rose	Wagenius
Dauner	Kludt	O'Connor	Rukavina	Waltman
Dempsey	Knickerbocker	Ogren	Sarna	Welle
Dille	Knuth	Olsen, S.	Schafer	Wenzel
Dorn	Kostohryz	Olson, K.	Scheid	Wynia
Forsythe	Krueger	Omann	Schreiber	Spk. Norton

Those who voted in the negative were:

DeBlick	Himle	Poppenhagen	Steenasma
Frederick	Miller	Quist	Thiede
Gruenes	Olson, E.	Schoenfeld	Winter

The bill was passed and its title agreed to.

H. F. No. 1026 was reported to the House.

Solberg and Gruenes moved to amend H. F. No. 1026, the first engrossment, as follows:

Page 19, after line 3, insert:

"Sec. 12. Minnesota Statutes 1986, section 179A.03, subdivision 19, is amended to read:

Subd. 19. [TERMS AND CONDITIONS OF EMPLOYMENT.] "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits, except retirement contributions or benefits of a public pension fund described in section 356.20, subdivision 2, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07."

Page 93, after line 3, insert:

"Sec. 80. Minnesota Statutes 1986, section 465.72, subdivision 2, is amended to read:

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, if the payments are made to a person who has at least ten years of allowable service with the employer who is making the severance payments. Allowable service for purposes of this subdivision has the same definition of allowable service credit as the public pension plan providing retirement coverage to the employee while employed by the employer.

This subdivision applies only to periodic contributions that have commenced before the effective date of Laws 1986, chapter 455 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 Laws 1986, chapter 455. After the effective date of Laws 1986, chapter 455, 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 Laws 1986, chapter 455 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 Laws 1986, chapter 455, whichever is earlier. Any payments by governmental subdivisions in accordance with this subdivision before the effective date of Laws 1986, chapter 455 are validated."

Renumber the sections in sequence

Correct internal references accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1026, A bill for an act relating to retirement; clarifying the responsibilities of the actuary retained by the legislative commission on pensions and retirement; clarifying and revising various actuarial determinations and procedures; authorizing the retention of actuarial advisors by various retirement funds; specifying the contents and methods for supplemental and alternative actuarial



valuations; establishing a separate fund for the correctional employees retirement fund; amending Minnesota Statutes 1986, sections 3.85, subdivision 12; 3A.11, subdivision 1; 11A.18, subdivisions 6, 9, and 11; 69.77, subdivisions 2b and 2h; 69.772, subdivision 3; 69.773, subdivisions 2 and 4; 136.82, subdivision 2; 352.01, subdivision 12; 352.03, subdivision 6; 352.116, subdivisions 1, 3, and by adding a subdivision; 352.119, subdivision 2; 352.85, subdivision 6; 352.86, subdivision 4; 352B.01, by adding a subdivision; 352B.02, subdivision 1; 352B.08, subdivision 2; 352B.26, subdivision 3; 353.01, subdivision 14; 353.03, subdivision 3a; 353.271; 353.29, subdivision 6; 353.30, subdivision 3; 354.05, subdivision 7; 354.06, subdivision 2a; 354.07, subdivision 1; 354.35; 354.42, subdivision 5; 354.44, subdivision 2; 354.45; 354.48, subdivision 3; 354.532, subdivisions 1 and 2; 354.55, subdivisions 11, 12, and 13; 354.58; 354.62, subdivision 5; 354.63, subdivision 2; 354A.011, subdivision 17, and by adding a subdivision; 354A.021, by adding a subdivision; 354A.32; 354A.33; 354A.41, subdivision 2; 356.20, subdivisions 2, 3, and 4; 356.215; 356.216; 356.22, subdivision 2; 356.23; 356.41; 356.451, subdivision 1; 422A.01, subdivisions 6, 7, and 10; 422A.04, subdivisions 2 and 3; 422A.06, subdivisions 2, 5, 7, and 8; 422A.101; 422A.15, subdivisions 2 and 3; 422A.16, subdivisions 2, 3a, and 10; 422A.17; 422A.23, subdivisions 6 and 7; 490.121, subdivision 20; and 490.124, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 352; repealing Minnesota Statutes 1986, section 352B.26, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Kludt	Neuenschwander	Rice
Anderson, R.	Forsythe	Knickerbocker	O'Connor	Richter
Battaglia	Frederick	Knuth	Ogren	Riveness
Bauerly	Frerichs	Kostohryz	Olsen, S.	Rodosovich
Beard	Greenfield	Krueger	Olson, E.	Rose
Begich	Gruenes	Larsen	Olson, K.	Rukavina
Bennett	Gutknecht	Lasley	Omman	Sarna
Bertram	Hartle	Lieder	Onnen	Schafer
Bishop	Haukoos	Long	Orenstein	Scheid
Blatz	Heap	Marsh	Osthoff	Schoenfeld
Boo	Hugoson	McDonald	Otis	Schreiber
Brown	Jacobs	McEachern	Ozment	Seaberg
Burger	Jaros	McKasy	Pappas	Segal
Carlson, D.	Jefferson	McLaughlin	Pauly	Shaver
Carlson, L.	Jennings	McPherson	Pelowski	Simoneau
Carruthers	Jensen	Milbert	Peterson	Skoglund
Clark	Johnson, R.	Minne	Poppenhagen	Solberg
Clausnitzer	Johnson, V.	Morrison	Price	Sparby
Cooper	Kahn	Munger	Quinn	Stanius
Dauner	Kalis	Murphy	Quist	Steenma
DeBlicek	Kelly	Nelson, C.	Redalen	Sviggum
Dempsey	Kelso	Nelson, D.	Reding	Swenson
Dille	Kinkel	Nelson, K.	Rest	Thiede

Tjornhom  
Tompkins  
Uphus

Valento  
Vanasek  
Vellenga

Voss  
Wagenius  
Waltman

Welle  
Wenzel  
Winter

Wynia  
Spk. Norton

The bill was passed, as amended, and its title agreed to.

**H. F. No. 1071, A bill for an act relating to crimes; criminal sexual conduct; clarifying the definition of "mentally incapacitated"; providing that criminal sexual contact requires sexual or aggressive intent; expanding the definition of coercion; amending Minnesota Statutes 1986, section 609.341, subdivisions 7, 11, and 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Skoglund
Anderson, R.	Hartle	Marsh	Pappas	Solberg
Battaglia	Haukoos	McDonald	Pauly	Sparby
Bauerly	Heap	McEachern	Pelowski	Stanius
Beard	Himle	McKasy	Peterson	Steensma
Begich	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bennett	Jacobs	McPherson	Price	Swenson
Bertram	Jaros	Milbert	Quinn	Thiede
Bishop	Jefferson	Miller	Quist	Tjornhom
Blatz	Jennings	Minne	Redalen	Tompkins
Brown	Jensen	Morrison	Reding	Trimble
Burger	Johnson, A.	Munger	Rest	Tunheim
Carlson, D.	Johnson, R.	Murphy	Rice	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Valento
Carruthers	Kahn	Nelson, D.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlick	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knickerbocker	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omann	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Shaver	
Gruenes	Lieder	Otis	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 1152 was reported to the House.

Jacobs moved to amend S. F. No. 1152, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 19 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. Amounts in excess of these quantities may be imported only by a licensee holding the appropriate license as manufacturer, wholesaler, or importer under section 340A.301 or 340A.302. A collector of commemorative bottles, other than a person under the age of 19 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 2. Minnesota Statutes 1986, section 340A.302, subdivision 1, is amended to read:

Subdivision 1. [LICENSES REQUIRED.] Except as provided in section sections 297C.09 and 340A.301, subdivision 1, no retailer or other person may ship or cause to be shipped alcoholic beverages or ethyl alcohol for personal use or to a licensed manufacturer or wholesaler without obtaining an importer's license from the commissioner.

Sec. 3. Minnesota Statutes 1986, section 340A.308, is amended to read:

340A.308 [PROHIBITED TRANSACTIONS.]

(a) No brewer or malt liquor wholesaler may directly or indirectly, or through an affiliate or subsidiary company, or through an officer, director, stockholder, or partner:

- (1) give, or lend money, credit, or other thing of value to a retailer;
- (2) give, lend, lease, or sell furnishing or equipment to a retailer;

(3) have an interest in a retail license; or

(4) be bound for the repayment of a loan to a retailer.

(b) This section does not prohibit a manufacturer or wholesaler from:

(1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to \$100 excluding installation and repair costs;

(2) furnishing, lending, or renting to a retailer inside signs and other promotional material, of a cost of up to \$100 in a year;

(3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor, including tap trailers, cold plates and other dispensing equipment, of a cost of up to \$100 per tap in a year;

(4) using or renting property owned continually since November 1, 1933, for the purpose of selling intoxicating or nonintoxicating malt liquor at retail; or

(5) extending customary commercial credit to a retailer in connection with a sale of nonalcoholic beverages only, or engaging in cooperative advertising agreements with a retailer in connection with the sale of nonalcoholic beverages only.

Sec. 4. Minnesota Statutes 1986, section 340A.312, subdivision 2, is amended to read:

Subd. 2. [VOLUME PRICES.] A variable volume price offered by a wholesaler to a licensed retailer on sales of distilled spirits or wine may not be for a quantity of more than ~~300 one-liter or smaller bottles~~ 25 cases.

Sec. 5. Minnesota Statutes 1986, section 340A.318, subdivision 2, is amended to read:

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 delinquencies exist which are required to be reported. The name and address of each retail licensee who makes payment with a postdated check, or a check that is dishonored on presentment, must also be submitted to the commissioner at that time. 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.

Sec. 6. Minnesota Statutes 1986, section 340A.318, subdivision 3, is amended to read:

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.

Sec. 7. Minnesota Statutes 1986, section 340A.318, subdivision 4, is amended to read:

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. A retail licensee who engages in the retail liquor business at two or more locations means "a person or group of persons possessing 50 percent or more ownership in two or more locations."

Sec. 8. Minnesota Statutes 1986, section 340A.404, is amended by adding a subdivision to read:

Subd. 6a. [SEASONAL LICENSES; COUNTIES.] A county may issue seasonal on-sale intoxicating liquor licenses of periods specified in the licenses, which may not exceed six months, or in the case of Lake county, nine months. The county board shall determine the fee for such a license. Not more than one seasonal on-sale license may be issued to any one premises in any 12-month period.

Sec. 9. Minnesota Statutes 1986, section 340A.405, subdivision 2, is amended to read:

Subd. 2. [COUNTIES.] (a) A county may issue an off-sale intoxicating license with the approval of the commissioner to exclusive liquor stores located within unorganized territory of the county.

(b) A county board of any county except Ramsey county containing a town exercising powers under section 368.01, subdivision 1, may issue an off-sale license to an exclusive liquor store within that town with the approval of the commissioner. No license may be issued under this paragraph unless the town board adopts a resolution supporting the issuance of the license.

(c) A county board of any county except Ramsey county containing a town that may not exercise powers under section 368.01, subdivision 1, may issue a combination off-sale and on-sale license to restaurants within that town with the approval of the commissioner pursuant to section 340A.404, subdivision 6. No license may be issued under this paragraph unless the town board adopts a resolution supporting the issuance of the license.

(d) No license may be issued under this subdivision unless a public hearing is held on the issuance of the license. Notice must be given to all interested parties and to any city located within three miles of the premises proposed to be licensed. At the hearing the county board shall consider testimony and exhibits presented by interested parties and may base its decision to issue or deny a license upon the nature of the business to be conducted and its impact upon any municipality, the character and reputation of the applicant, and the propriety of the location. Any hearing held under this paragraph is not subject to chapter 14.

(e) A county board may not issue a license under this subdivision to a person for an establishment located less than three miles by the most direct route from the boundary of any statutory or home rule city except cities of the first class or within Pine or, Kanabec, or Red Lake counties within three miles of a statutory or home rule city with a municipal liquor store.

(f) The town board may impose an additional license fee in an amount not to exceed 20 percent of the county license fee.

(g) Notwithstanding any provision of this subdivision or Laws 1973, chapter 566, as amended by Laws 1974, chapter 200, a county board may transfer or renew a license that was issued by a town board under Minnesota Statutes 1984, section 340.11, subdivision 10b prior to January 1, 1985.

Sec. 10. Minnesota Statutes 1986, section 340A.405, is amended by adding a subdivision to read:

Subd. 4. [TEMPORARY OFF-SALE LICENSES; WINE AUCTIONS.] (a) The governing body of a city may issue a temporary

license for the off-sale of wine at an auction with the approval of the commissioner. A license issued under this subdivision authorizes the sale of only vintage wine of a brand and vintage that is not commonly being offered for sale by any wholesaler in Minnesota. The license may authorize the off-sale of wine for not more than three consecutive days provided not more than 600 cases of wine are sold at any auction. The licenses are subject to the terms, including license fee, imposed by the issuing city. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except section 340A.409 and those laws and ordinances which by their nature are not applicable.

(b) As used in the subdivision, "vintage wine" means bottled wine which is at least five years old.

Sec. 11. Minnesota Statutes 1986, section 340A.412, subdivision 10, is amended to read:

Subd. 10. [EMPLOYMENT OF MINORS.] No person under 18 years of age may be employed in a place where intoxicating liquor is sold for consumption on the premises, except persons under 18 years of age may be employed as musicians or in bussing or washing dishes in a restaurant or hotel that is licensed to sell intoxicating liquor and may be employed as waiters or waitresses at a restaurant, hotel, or motel where only wine is sold; provided that the person under the age of 18 may not serve or sell any wine serve or sell intoxicating liquor in a retail intoxicating liquor establishment.

Sec. 12. Minnesota Statutes 1986, 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, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under sections 14.57 to 14.70 of the administrative procedure act. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly sells alcoholic beverages to another retail licensee for the purpose of resale, or on a retail licensee who purchases alcoholic beverages from another retail licensee for the purpose of resale.

Sec. 13. [340A.907] [INSPECTION.]

The commissioner of public safety or any duly authorized employee may, at all reasonable hours, enter in and upon the premises of any licensee or permit holder under this chapter to inspect the premises and examine the books, papers, and records of a manufacturer, wholesaler, importer, or retailer for the purpose of determining whether the provisions of this chapter are being complied with. If the commissioner or any duly authorized employee is denied free access or is hindered or interfered with in making an inspection or examination, the licensee or permit holder is subject to revocation pursuant to section 340A.304 in the case of a wholesaler, manufacturer, or importer, and section 340A.415 in the case of a retailer.

Sec. 14. [REPEALER.]

Minnesota Statutes 1986, sections 34.119; 34.12; 34.13; 34.14; 340A.307, subdivision 3; and 340A.313, are repealed.

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; limiting imports by individuals; permitting certain transactions between brewers and wholesalers; specifying limits on variable volume prices; providing for notice of credit-delinquent retailers; authorizing counties to issue seasonal on-sale licenses; specifying counties which may issue licenses in certain locations; permitting wine auctions; setting minimum age to sell or serve alcoholic beverages; specifying who may impose administrative penalties for certain violations by retailers; authorizing inspections of licensed premises by the commissioner of public safety; repealing affirmation law, wholesale price filing, and percentage requirements for malt barley in beer; amending Minnesota Statutes 1986, sections 297C.09; 340A.302, subdivision 1; 340A.308; 340A.312, subdivision 2; 340A.318, subdivisions 2, 3, and 4; 340A.404, by adding a subdivision; 340A.405, subdivision 2, and by adding a subdivision; 340A.412, subdivision 10; 340A.415; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1986, section 34.119; 34.12; 34.13; 34.14; 340A.307, subdivision 3; and 340A.313."

The motion prevailed and the amendment was adopted.

Carlson, D., was excused for the remainder of today's session.

Ogren moved to amend S. F. No. 1152, as amended, as follows:

Page 6, line 16, before "or" insert "Carlton"

The motion prevailed and the amendment was adopted.



S. F. No. 1152, A bill for an act relating to alcoholic beverages; limiting imports by individuals; maximum volume for volume prices; purchases by delinquent licensees; restricting employment of minors in nonintoxicating liquor premises; providing for inspections; amending Minnesota Statutes 1986, sections 297C.09; 340A.302, subdivision 1; 340A.312, subdivision 2; 340A.318, subdivisions 1 and 3; and 340A.411, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 340A.

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 9 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	McEachern	Pappas	Sparby
Anderson, R.	Hartle	McKasy	Pauly	Stanius
Battaglia	Heap	McLaughlin	Pelowski	Steensma
Bauerly	Himle	McPherson	Peterson	Swiggum
Beard	Hugoson	Milbert	Price	Swenson
Begich	Jacobs	Miller	Quinn	Thiede
Bennett	Jensen	Minne	Quist	Tjornhom
Bertram	Johnson, V.	Morrison	Redalen	Tompkins
Bishop	Kahn	Munger	Reding	Trimble
Blatz	Kalis	Murphy	Rest	Tunheim
Burger	Kelly	Nelson, C.	Richter	Uphus
Carlson, L.	Kelso	Nelson, K.	Riveness	Valento
Carruthers	Kinkel	Neuenschwander	Rodosovich	Vanasek
Clausnitzer	Kludt	O'Connor	Rose	Vellenga
Cooper	Knickerbocker	Ogren	Rukavina	Voss
Dauner	Knuth	Olsen, S.	Sarna	Wagenius
DeBlieck	Kostohryz	Olson, E.	Schafer	Waltman
Dempsey	Krueger	Olson, K.	Scheid	Weile
Dille	Larsen	Omann	Schoenfeld	Wenzel
Dorn	Lasley	Onnen	Schreiber	Winter
Forsythe	Lieder	Orenstein	Seaberg	Wynia
Frederick	Long	Osthoff	Segal	Spk. Norton
Frerichs	Marsh	Otis	Shaver	
Gruenes	McDonald	Ozment	Solberg	

Those who voted in the negative were:

Brown	Greenfield	Jefferson	Nelson, D.	Skoglund
Clark	Haukoos	Johnson, R.	Rice	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1393 was reported to the House.

Carruthers moved that H. F. No. 1393 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 578, A bill for an act relating to business corporations; regulating the organization and operation of business corporations;

providing for indemnification; providing voting rights; providing for the value, issuance, pledging, and acquisition of shares; and providing for payment on the return of shares; amending Minnesota Statutes 1986, sections 300.08, subdivision 1; 300.083, subdivisions 1, 4, 8, and by adding a subdivision; 302A.011, subdivision 40; 302A.111, subdivisions 2 and 3; 302A.133; 302A.135, subdivision 4, and by adding a subdivision; 302A.137; 302A.139; 302A.141, by adding a subdivision; 302A.161, subdivision 22; 302A.201, subdivision 2; 302A.255, subdivision 1; 302A.401, subdivision 3; 302A.405, subdivisions 1 and 2; 302A.409, subdivision 3; 302A.413, subdivision 5; 302A.433, subdivision 3; 302A.435, subdivision 2; 302A.437, subdivision 2; 302A.447, subdivision 7; 302A.455; 302A.457, subdivisions 1 and 2; 302A.473, subdivisions 1, 5, 6, and 7; 302A.501, subdivision 1; 302A.521, subdivisions 1, 4, and 8, and by adding a subdivision; 302A.553, subdivision 1; 302A.727; 302A.729; 302A.733, subdivisions 1 and 2; and 302A.781; proposing coding for new law in Minnesota Statutes, chapter 302A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Otis	Shaver
Battaglia	Hartle	Marsh	Ozment	Simoneau
Bauerly	Haukoos	McDonald	Pappas	Skoglund
Beard	Heap	McEachern	Pauly	Solberg
Begich	Himle	McKasy	Pelowski	Sparby
Bennett	Hugoson	McLaughlin	Peterson	Stanius
Bertram	Jacobs	McPherson	Poppenhagen	Stensma
Blatz	Jaros	Milbert	Price	Sviggum
Boo	Jefferson	Miller	Quinn	Swenson
Brown	Jennings	Minne	Quist	Thiede
Burger	Jensen	Morrison	Redalen	Tjornhom
Carlson, L.	Johnson, R.	Munger	Reding	Tompkins
Carruthers	Johnson, V.	Murphy	Rest	Trimble
Clark	Kahn	Nelson, C.	Rice	Tunheim
Clausnitzer	Kalis	Nelson, D.	Richter	Upphus
Cooper	Kelly	Nelson, K.	Riveness	Valento
Dauner	Kelso	Neuenschwander	Rodosovich	Vanasek
DeBleeck	Kinkel	O'Connor	Rose	Vellenga
Dempsey	Kludt	Ogren	Rukavina	Voss
Dille	Knickerbocker	Olsen, S.	Sarna	Wagenius
Dorn	Knuth	Olson, E.	Schafer	Waltman
Forsythe	Kostohryz	Olson, K.	Scheid	Welle
Frederick	Krueger	Omann	Schoenfeld	Wenzel
Frerichs	Larsen	Onnen	Schreiber	Winter
Greenfield	Lasley	Orenstein	Seaberg	Wynia
Gruenes	Lieder	Osthoff	Segal	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1561 was reported to the House.

There being no objection, H. F. No 1561 was continued on Special Orders for one day.

S. F. No. 25, A bill for an act relating to traffic regulations; requiring additional reflective devices for persons using alternate slow moving vehicle emblems; amending Minnesota Statutes 1986, section 169.522, 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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Himle	McLaughlin	Peterson	Stanius
Bertram	Hugoson	McPherson	Poppenhagen	Steensma
Bishop	Jacobs	Milbert	Price	Sviggum
Blatz	Jefferson	Miller	Quinn	Swenson
Boo	Jennings	Minne	Quist	Thiede
Brown	Jensen	Morrison	Redalen	Tjornhom
Burger	Johnson, A.	Munger	Reding	Tompkins
Carlson, L.	Johnson, R.	Murphy	Rest	Trimble
Carruthers	Johnson, V.	Nelson, C.	Rice	Tunheim
Clark	Kahn	Nelson, D.	Richter	Uphus
Clausnitzer	Kalis	Nelson, K.	Riveness	Vanasek
Cooper	Kelly	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelso	O'Connor	Rose	Voss
DeBlicke	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knickerbocker	Olson, E.	Schafer	Welle
Dorn	Knuth	Olson, K.	Scheid	Wenzel
Forsythe	Kostohryz	Omann	Schoenfeld	Winter
Frederick	Krueger	Onnen	Schreiber	Wynia
Frerichs	Larsen	Orenstein	Seaberg	Spk. Norton

Those who voted in the negative were:

Lasley

The bill was passed and its title agreed to.

H. F. No. 569 was reported to the House.

Johnson, R., moved to amend H. F. No. 569, the first engrossment, as follows:

Page 5, delete lines 19 to 23

Renumber the remaining sections

A roll call was requested and properly seconded.

The question was taken on the Johnson, R., amendment and the roll was called. There were 37 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Burger	Hugoson	Morrison	Richter	Tjornhom
Cooper	Johnson, R.	Olsen, S.	Rose	Valento
Dauner	Johnson, V.	Onnen	Schafer	Waltman
Dempsey	Knickerbocker	Osthoff	Skoglund	Welle
Forsythe	Marsh	Pauly	Sparby	Winter
Frederick	McKasy	Pelowski	Steensma	
Gutknecht	McPherson	Poppenhagen	Sviggum	
Himle	Miller	Quist	Thiede	

Those who voted in the negative were:

Anderson, G.	Greenfield	Krueger	Olson, E.	Schoenfeld
Anderson, R.	Gruenes	Larsen	Olson, K.	Segal
Battaglia	Hartle	Lasley	Omann	Shaver
Bauerly	Haukoos	Lieder	Orenstein	Simoneau
Beard	Jacobs	Long	Otis	Solberg
Begich	Jaros	McEachern	Ozment	Stanius
Bennett	Jefferson	McLaughlin	Peterson	Swenson
Bertram	Jennings	Milbert	Price	Trimble
Blatz	Jensen	Minne	Quinn	Tunheim
Brown	Johnson, A.	Munger	Redalen	Uphus
Carlson, L.	Kahn	Murphy	Reding	Vanasek
Clark	Kelly	Nelson, C.	Rice	Vellenga
Clausnitzer	Kelso	Nelson, D.	Riveness	Voss
DeBlieck	Kinkel	Nelson, K.	Rodosovich	Wagenius
Dille	Kludt	Neuenschwander	Rukavina	Wenzel
Dorn	Knuth	O'Connor	Sarna	Wynia
Frerichs	Kostohryz	Ogren	Scheid	Spk. Norton

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

H. F. No. 569, A bill for an act relating to natural resources; authorizing acceptance of tips by food service and room cleaning employees at Itasca state park; authorizing additions to and deletions from certain state parks and waysides; abolishing Old Crossing Treaty State Wayside and Rice Lake State Wayside; authorizing sale and consumption of wine by the drink at Douglas Lodge in Itasca state park; amending Minnesota Statutes 1986, sections 43A.38, subdivision 2; and 85.012, subdivision 57; proposing coding for new law in Minnesota Statutes, chapter 85; repealing Minnesota Statutes 1986, sections 85.013, subdivisions 19 and 21a; and 138.55, subdivision 6.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 103 yeas and 26 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Orenstein	Shaver
Anderson, R.	Hartle	Lieder	Otis	Simoneau
Battaglia	Himle	Long	Ozment	Skoglund
Bauerly	Jacobs	Marsh	Pappas	Solberg
Beard	Jaros	McDonald	Pelowski	Sparby
Begich	Jefferson	McEachern	Peterson	Stanius
Bennett	Jennings	McLaughlin	Price	Swenson
Bertram	Jensen	Milbert	Quinn	Tompkins
Blatz	Johnson, A.	Minne	Redalen	Trimble
Brown	Johnson, R.	Munger	Reding	Tunheim
Burger	Johnson, V.	Murphy	Rest	Uphus
Carlson, L.	Kahn	Nelson, C.	Rice	Vanasek
Carruthers	Kalis	Nelson, D.	Riveness	Vellenga
Clark	Kelly	Nelson, K.	Rodosovich	Voss
Clausnitzer	Kelso	Neuenschwander	Rose	Wagenius
Cooper	Kinkel	O'Connor	Rukavina	Welle
Dauner	Kludd	Ogren	Sarna	Winter
Dempsey	Knuth	Olsen, S.	Scheid	Wynia
Dille	Kostohryz	Olson, E.	Schoenfeld	Spk. Norton
Dorn	Krueger	Olson, K.	Seaberg	
Greenfield	Larsen	Omann	Segal	

## Those who voted in the negative were:

DeBlicek	Heap	Morrison	Schafer	Valento
Forsythe	Hugoson	Onnen	Schreiber	Wenzel
Frederick	Knickerbocker	Pauly	Steensma	
Frerichs	McKasy	Poppenhagen	Swiggum	
Gutknecht	McPherson	Quist	Thiede	
Haukoos	Miller	Richter	Tjornhom	

The bill was passed and its title agreed to.

S. F. No. 751, A bill for an act relating to financial institutions; authorizing the deposit of trust funds received by real estate brokers or salespersons in savings and loan associations and credit unions; amending Minnesota Statutes 1986, sections 51A.23, subdivision 1; 52.04; 82.17, subdivision 6; and 82.24, subdivisions 1, 2, 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. There were 131 yeas and 0 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Boo	Dempsey	Haukoos	Johnson, V.
Anderson, R.	Brown	Dille	Heap	Kahn
Battaglia	Burger	Dorn	Himle	Kalis
Bauerly	Carlson, L.	Forsythe	Hugoson	Kelly
Beard	Carruthers	Frederick	Jacobs	Kelso
Begich	Clausnitzer	Frerichs	Jefferson	Kinkel
Bennett	Cooper	Greenfield	Jennings	Kludd
Bertram	Dauner	Gruenes	Jensen	Knickerbocker
Bishop	DeBlicek	Gutknecht	Johnson, A.	Knuth
Blatz		Hartle	Johnson, R.	Kostohryz

Krueger	Nelson, C.	Pelowski	Scheid	Trimble
Larsen	Nelson, D.	Peterson	Schoenfeld	Tunheim
Lasley	Nelson, K.	Poppenhagen	Schreiber	Uphus
Lieder	Neuenschwander	Price	Seaberg	Valento
Long	O'Connor	Quinn	Segal	Vanasek
Marsh	Ogren	Quist	Shaver	Voss
McDonald	Olsen, S.	Redalen	Simoneau	Wagenius
McEachern	Olson, E.	Reding	Skoglund	Waltman
McKasy	Olson, K.	Rest	Solberg	Welle
McLaughlin	Omann	Rice	Sparby	Wenzel
McPherson	Onnen	Richter	Stanius	Winter
Milbert	Orenstein	Riveness	Steensma	Wynia
Miller	Osthoff	Rodosovich	Sviggum	Spk. Norton
Minne	Otis	Rose	Swenson	
Morrison	Ozment	Rukavina	Thiede	
Munger	Pappas	Sarna	Tjornhom	
Murphy	Pauly	Schafer	Tompkins	

The bill was passed and its title agreed to.

H. F. No. 1515, A bill for an act relating to public offices; fixing resignation effective dates; prohibiting contingent resignations; permitting the submission and withdrawal of prospective resignations in certain circumstances; providing for appeals in statewide election contests; amending Minnesota Statutes 1986, sections 209.09; 351.01; and 480A.06, 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Otis	Shaver
Anderson, R.	Gruenes	Long	Ozment	Simoneau
Battaglia	Gutknecht	Marsh	Pappas	Skoglund
Bauerly	Hartle	McDonald	Pauly	Solberg
Beard	Haukoos	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanius
Bennett	Himle	McLaughlin	Poppenhagen	Steensma
Bertram	Hugoson	McPherson	Price	Sviggum
Bishop	Jacobs	Milbert	Quinn	Swenson
Blatz	Jaros	Miller	Quist	Thiede
Boo	Jefferson	Minne	Redalen	Tjornhom
Brown	Jennings	Morrison	Reding	Tompkins
Burger	Jensen	Murphy	Rest	Trimble
Carlson, L.	Johnson, R.	Nelson, C.	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, D.	Richter	Uphus
Clark	Kahn	Nelson, K.	Riveness	Valento
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Vanasek
Cooper	Kelso	O'Connor	Rose	Vellenga
Dauner	Kinkel	Ogren	Rukavina	Voss
DeBlicke	Kludt	Olsen, S.	Sarna	Wagenius
Dempsey	Knickerbocker	Olson, E.	Schafer	Waltman
Dille	Knuth	Olson, K.	Scheid	Welle
Dorn	Kostohryz	Omann	Schoenfeld	Wenzel
Forsythe	Krueger	Onnen	Schreiber	Winter
Frederick	Larsen	Orenstein	Seaberg	Wynia
Frerichs	Lasley	Osthoff	Segal	Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 1035 was reported to the House.

Larsen moved to amend H. F. No. 1035, the first engrossment, as follows:

Page 2, line 10, after "teachers." insert "If more than two school districts enter into one agreement, the seniority provisions specified in this subdivision shall not apply to a school district that enrolls or sends less than 25 secondary pupils under the agreement."

The motion prevailed and the amendment was adopted.

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

McEachern moved that H. F. No. 1035, as amended, be re-referred to the Committee on Education.

A roll call was requested and properly seconded.

The question was taken on the McEachern motion and the roll was called. There were 73 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Bauerly	Frederick	Krueger	Onnen	Steensma
Begich	Frerichs	Marsh	Orenstein	Sviggum
Bennett	Greenfield	McDonald	Ozment	Thiede
Bertram	Gruenes	McEachern	Pauly	Tjornhom
Bishop	Gutknecht	McKasy	Poppenhagen	Tompkins
Blatz	Hartle	McPherson	Quist	Uphus
Boo	Haukoos	Milbert	Redalen	Valento
Burger	Heap	Miller	Richter	Vellenga
Carruthers	Himle	Morrison	Rose	Wagenius
Clark	Hugoson	Nelson, K.	Schafer	Waltman
Clausnitzer	Jensen	Neuenschwander	Schoenfeld	Wenzel
Dauner	Johnson, V.	Olsen, S.	Schreiber	Winter
DeBlicck	Kelso	Olson, E.	Seaberg	Wynia
Dille	Kludt	Olson, K.	Shaver	
Forsythe	Knickerbocker	Omann	Stanius	

Those who voted in the negative were:

Anderson, R.	Johnson, R.	Long	Pelowski	Sarna
Battaglia	Kahn	McLaughlin	Peterson	Segal
Beard	Kalis	Minne	Price	Simoneau
Brown	Kelly	Murphy	Quinn	Skoglund
Carlson, L.	Kinkel	Nelson, C.	Reding	Solberg
Cooper	Knuth	Nelson, D.	Rest	Sparby
Jacobs	Kostohryz	O'Connor	Rice	Swenson
Jefferson	Larsen	Ogren	Riveness	Trimble
Jennings	Lasley	Osthoff	Rodosovich	Tunheim
Johnson, A.	Lieder	Pappas	Rukavina	Vanasek
				Voss
				Welle

The motion prevailed and H. F. No. 1035, as amended, was re-referred to the Committee on Education.

S. F. No. 353 was reported to the House.

Nelson, D., moved to amend S. F. No. 353, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 112.53, subdivision 2, is amended to read:

Subd. 2. [MAILING.] The managers shall give notice by mail, within one week after the beginning of publication, to the director and to each person, corporation, and public body that owns property benefited or damaged by the proposed improvement as shown by the engineers and appraisers report. The notice shall contain a brief description of the proposed improvement and state: that the engineer's and appraisers' report are on file with the managers and available for public inspection; the time and place of hearing; and that the addressee's name appears as an affected party.

In the case of a metropolitan county defined in section 473.121, subdivision 4, the notice must also include the following:

- (1) the amount to be specially assessed against the property;
- (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 is authorized;
- (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. 2. Minnesota Statutes 1986, section 473.875, is amended to read:

473.875 [SURFACE METROPOLITAN WATER MANAGEMENT PROGRAM PROGRAMS; PURPOSES.]

The purpose of the surface water management programs required by sections 473.875 to 473.883 is to protect, preserve and use natural



(a) reduce to the greatest practical extent the public capital expenditures necessary to control excessive volumes and rates of runoff, (b) protect and improve surface and ground water quality, (c) prevent flooding and erosion from surface flows, (d) promote ground water recharge, (e) protect and enhance fish and wildlife habitat and water recreational facilities, and (f) secure the other benefits associated with the proper management of surface and ground water.

Sec. 3. Minnesota Statutes 1986, section 473.876, is amended by adding a subdivision to read:

Subd. 2a. [GROUND WATER PLAN.] "Ground water plan" means a county plan adopted under section 473.8785.

Sec. 4. Minnesota Statutes 1986, section 473.876, is amended by adding a subdivision to read:

Subd. 2b. [GROUND WATER SYSTEM.] "Ground water system" means one of the 14 principal aquifers of the state as defined by the United States Geological Survey in the Water-Resources Investigations 81-51, entitled "Designation of Principal Water Supply Aquifers in Minnesota" (August 1981), and its revisions.

Sec. 5. Minnesota Statutes 1986, section 473.878, subdivision 3, is amended to read:

Subd. 3. [GENERAL STANDARDS.] The watershed management plan shall extend through the year 1990 or any year thereafter which is evenly divisible by five. The plan must be updated before the expiration of the period covered by the plan. During a period of five years following the effective date of section 10, an adopted watershed plan must be reviewed for consistency with an adopted county ground water plan, and revised as necessary, whenever the watershed plan undergoes substantial revision or updating. Thereafter, the plan must be reviewed for consistency with a county ground water plan, and revised as necessary, within one year following the adoption or amendment of the ground water plan. Upon the request of a watershed management organization, the county shall provide a written statement that: (1) identifies any substantial inconsistencies between the watershed plan and the ground water plan and any substantial adverse effects of the watershed plan on the ground water plan, and (2) evaluates, estimates the cost of, and recommends alternatives for amending the watershed plan to rectify any substantial inconsistencies and adverse effects. The plan shall contain the elements required by subdivision 4. Each element shall be set out in the degree of detail and prescription necessary to accomplish the purposes of sections 473.875 to 473.883, considering the character of existing and anticipated physical and hydrogeologic conditions, land use, and development and the severity of existing and anticipated water

management problems in the watershed. The plan shall be prepared and submitted for review under subdivision 5 not later than December 31, 1986. Existing plans of a watershed management organization shall remain in force and effect until amended or superseded by plans adopted under sections 473.875 to 473.883. Existing or amended plans of a watershed management organization which meet the requirements of sections 473.875 to 473.883 may be submitted for review under subdivision 5.

Sec. 6. Minnesota Statutes 1986, section 473.878, subdivision 5, is amended to read:

Subd. 5. [LOCAL REVIEW AND COMMENT.] Upon completion of the plan but before final adoption by the organization, the organization shall submit the plan for review and comment to all counties, soil and water conservation districts, towns, and statutory and home rule charter cities having territory within the watershed. Any local government unit which expects that substantial amendment of its local comprehensive plan will be necessary in order to bring local water management into conformance with the watershed plan shall describe as specifically as possible, within its comments, the amendments to the local plan which it expects will be necessary.

Subd. 5a. [COUNTY REVIEW; CAPITAL IMPROVEMENTS PLAN; GROUND WATER PLAN.] (a) Sixty days after the submission to local government units for comment, the organization shall submit the plan, any comments received, and any appropriate amendments to the plan, to the board of the county or counties having territory within the watershed.

(b) The county shall approve or disapprove projects in the capital improvement program which may require the provision of county funds pursuant to section 112.60, subdivision 2, or 473.883.

(c) If the county has a ground water plan, the county shall review the watershed plan for consistency with the county ground water plan. The county may disapprove the watershed plan, or part thereof, only for substantial adverse effect on or substantial departure from the ground water plan. If the county disapproves all or part of the watershed plan, the watershed plan must be submitted for review under subdivision 6 and review and final decision under subdivision 7. The county may delegate its review under this paragraph to a soil and water conservation district.

(d) The county shall have 60 days to complete its review of the capital improvement program. If the county fails to complete its review within the prescribed period, unless an extension is agreed to by the organization the plan and program shall be deemed approved.

(e) If the watershed extends into more than one county and one or more counties disapprove of all or part of a capital improvement plan

or program while the other county or counties approve, the plan and program shall be submitted to the water resources board for review pursuant to under subdivision 6 and review and final decision under subdivision 7.

Sec. 7. Minnesota Statutes 1986, section 473.878, subdivision 6, is amended to read:

Subd. 6. [REVIEW BY METROPOLITAN COUNCIL.] After completion of the review under subdivision 5, the plan and all comments received shall be submitted to the metropolitan council for review. Notwithstanding any provision to the contrary in sections 112.46 and 473.165, the council shall review the plan in the same manner and with the same authority and effect as provided for the council's review of the comprehensive plans of local government units under section 473.175. The council shall comment on the apparent conformity with metropolitan system plans of any anticipated amendments to local comprehensive plans. The council may mediate and attempt to resolve differences among local governmental agencies regarding the plan.

Sec. 8. Minnesota Statutes 1986, section 473.878, subdivision 7, is amended to read:

Subd. 7. [REVIEW BY STATE AGENCIES.] (a) After completion of the review under subdivision 6, the plan and all comments received shall be submitted to the commissioner commissioners of natural resources and health and the director of the pollution control agency for review and comment on the consistency of the plan with state laws and rules relating to water and related land resources, and to the water resources board for review under section 112.46.

(b) Except as otherwise provided in this subdivision, the water resources board shall review the plan as provided in section 112.46. The board shall review the plan for conformance with the requirements of chapter 112 and sections 473.875 to 473.883. The board shall not prescribe a plan, but may disapprove all or parts of a plan which it determines is not in conformance with the requirements of chapter 112 and sections 473.875 to 473.883.

(c) If the plan or part of the plan is disapproved by a county under subdivision 5, paragraph (c), the board shall make a final decision on the issue. If the plan or capital improvement program is the subject of a dispute between counties under subdivision 5, paragraph (e), the water resources board shall make a final decision on the issue. The decision shall be decisions of the board under this paragraph must be made following the hearing procedure specified in section 110B.25, subdivision 4 and are binding on the organization, affected local units of government, and the counties involved. The decision may be appealed as provided in sections 14.63 to 14.69.

Sec. 9. Minnesota Statutes 1986, section 473.878, subdivision 9, is amended to read:

Subd. 9. [AMENDMENTS.] To the extent and in the manner required by the adopted plan, all amendments to the adopted plan shall be submitted to the towns, cities, county, and other agencies for review in accordance with the provisions of subdivisions 5, 6, and 7. Amendments necessary to recognize a county ground water plan, as required by subdivision 3, must be submitted for review in accordance with subdivisions 5, 5a, 6, and 7.

Sec. 10. [473.8785] [GROUND WATER PLANS.]

Subdivision 1. [AUTHORITY.] Metropolitan counties may prepare and adopt ground water plans in accordance with this section.

Subd. 2. [RESPONSIBLE UNITS.] The county may prepare and adopt the plan or, upon request of a soil and water conservation district, the county may delegate to the soil and water conservation district the preparation and adoption of all or part of a plan and the performance of other county responsibilities regarding the plan under this section and section 473.878.

Subd. 3. [LOCAL COORDINATION.] To assure the coordination of efforts of all units of government during the preparation and implementation of watershed and ground water plans, the county shall conduct meetings with local units of government and watershed management organizations, and may enter into agreements with local units of government and watershed management organizations establishing the responsibilities during the preparation and implementation of the water plans.

Subd. 4. [ASSISTANCE; ADVISORY COMMITTEE.] The county may contract with the Minnesota geological survey, the United States geological survey, a soil and water conservation district, or other public or private agencies or persons for services in performing the county's responsibilities regarding the plan under this section and section 473.878. Counties may enter into agreements with other counties or local units of government under section 471.59 for the performance of these responsibilities. To assist in the development of the ground water plan, the county shall seek the advice of the Minnesota geological survey, the departments of health and natural resources, the pollution control agency, and other appropriate local, state, and federal agencies, and shall name an advisory committee of 15 members. The committee must include representatives of various interests, like construction, agriculture, hydrogeology, and well drilling. At least four members of the committee must be from the public at large with no direct pecuniary interest in any project involving ground water protection. At least seven members must be appointed from watershed management organizations, statutory and home rule charter cities, and towns, and these local government

representatives must be geographically distributed so that at least one is appointed from each county commissioner district. The county shall consult the advisory committee on the development, content, and implementation of the plan, including particularly the relationship of the ground water plan and existing watershed and local water management plans, the effect of the groundwater plan on the other plans, and the allocation of costs and governmental authority and responsibilities during implementation.

Subd. 5. [GENERAL STANDARDS.] The ground water plan must extend through the year 1995 or any year thereafter which is evenly divisible by five. The plan must contain the elements required by subdivision 6. Each element must be set out in the degree of detail and prescription necessary to accomplish the purposes of sections 473.875 to 473.883, considering the character of existing and anticipated physical and hydrogeologic conditions, land use, and development and the severity of existing and anticipated ground water management problems in the county. To the fullest extent possible consistent with groundwater protection, a county shall make maximum use of existing and available data and studies in preparing the ground water plan and incorporate into its ground water plan relevant data from existing plans and studies and the relevant provisions of existing plans adopted by watershed management organizations having jurisdiction wholly or partly within the county.

Subd. 6. [CONTENTS.] A ground water plan must:

- (1) cover the entire area within the county;
- (2) describe existing and expected changes to the physical environment, land use, and development in the county;
- (3) summarize available information about the ground water and related resources in the county, including existing and potential distribution, availability, quality, and use;
- (4) state the goals, objectives, scope, and priorities of ground water protection in the county;
- (5) contain standards, criteria, and guidelines for the protection of ground water from pollution and for various types of land uses in environmentally sensitive areas, critical areas, or previously contaminated areas;
- (6) describe relationships and possible conflicts between the ground water plan and the plans of other counties, local government units, and watershed management organizations in the affected ground water system;

(7) set forth standards and guidelines for implementation of the plan by watershed management organizations and local units of government; and

(8) include a procedure for amending the ground water plan.

Subd. 7. [LOCAL REVIEW AND COMMENT.] Upon completion of the ground water plan but before final adoption by the county, the county shall submit the plan for review and comment to each soil and water conservation district, town, statutory and home rule charter city, and watershed management organization having territory within the county. The county also shall submit the plan to any other county or watershed management organization or district in the affected ground water system that could affect or be affected by implementation of the plan. Any political subdivision or watershed management organization that expects that substantial amendment of its plans would be necessary in order to bring them into conformance with the county ground water plan shall describe as specifically as possible, within its comments, the amendments that it expects would be necessary and the cost of amendment and implementation. Reviewing entities have 60 days to review and comment.

Subd. 8. [REVIEW BY METROPOLITAN COUNCIL.] After completion of the review under subdivision 7, the plan and all comments received must be submitted to the metropolitan council for review. Notwithstanding any provision to the contrary in sections 112.46 and 473.165, the council shall review the plan in the same manner and with the same authority and effect as provided for the council's review of the comprehensive plans of local government units under section 473.175. The council shall comment on the apparent conformity with metropolitan system plans of any anticipated amendments to watershed plans and local comprehensive plans. The council shall summarize and evaluate the cost of rectifying inconsistencies between the groundwater plan and watershed plans. If the council finds that significant funding problems, needs, or inequities will result from the groundwater plan, the council shall report to the legislature on the matter and on appropriate means of allocating and paying costs. The council may mediate and attempt to resolve differences among local governmental agencies regarding the plan.

Subd. 9. [REVIEW BY STATE AGENCIES.] After completion of the review under subdivision 8, the plan and all comments received must be submitted to the commissioners of natural resources and health and the director of the pollution control agency for review and comment on the consistency of the plan with state laws and rules relating to water and related land resources, and to the water resources board for review under section 112.46. Except as otherwise provided in this subdivision, the water resources board shall review the plan as provided in section 112.46. The board shall review the plan for conformance with the requirements of chapter 112 and sections 473.875 to 473.883. The board may not prescribe a plan, but

may disapprove all or parts of a plan which it determines is not in conformance with the requirements of chapter 112 and sections 473.875 to 473.883.

Subd. 10. [ADOPTION; IMPLEMENTATION.] The county shall adopt and implement its groundwater plan within 120 days after compliance with the provisions of subdivision 9 and approval of the plan by the water resources board.

Subd. 11. [AMENDMENTS.] To the extent and in the manner required by the adopted plan, all amendments to the adopted plan must be submitted to the towns, cities, counties, and other agencies for review in accordance with the provisions of subdivisions 7 to 9.

Sec. 11. [APPLICATION.]

Sections 2 to 10 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Delete the title and insert:

"A bill for an act relating to metropolitan water management; authorizing county ground water plans; requiring consistency of watershed and ground water plans; relating to notice procedures in certain counties; amending Minnesota Statutes 1986, sections 112.53, subdivision 2; 473.875; 473.876, by adding subdivisions; and 473.878, subdivisions 3, 5, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 473."

The motion prevailed and the amendment was adopted.

Jacobs and Nelson, D., moved to amend S. F. No. 353, as amended, as follows:

Page 1, delete lines 12 to 27

Page 2, delete lines 1 to 9 and insert:

"Section 1. Minnesota Statutes 1986, section 112.60, is amended by adding a subdivision to read:

Subd. 1a. In the case of a metropolitan county defined in section 473.121, subdivision 4, the managers shall give notice by mail, within one week after the filing of the statement as provided in subdivision 1, to each person, corporation, and public body that owns property benefited or damaged by the improvement as shown in the appraisers' report and approved by the managers. The notice shall contain a brief description of the improvement and shall also include:

- (1) the amount to be specially assessed against the property;
- (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 is authorized;
- (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."

Amend the title as follows:

Page 1, line 6, delete "112.53, subdivision 2" and insert "112.60, by adding a subdivision"

The motion prevailed and the amendment was adopted.

Schreiber moved to amend S. F. No. 353, as amended, as follows:

Page 2, delete from line 36 to page 6, line 23 (sections 5 to 9)

Renumber sections and correct the title

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Schreiber amendment and the roll was called. There were 68 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Knuth	Onnen	Segal
Bauerly	Gruenes	Kostohryz	Ozment	Shaver
Beard	Hartle	Marsh	Poppenhagen	Solberg
Bennett	Haukoos	McDonald	Price	Sparby
Bertram	Heap	McEachern	Quist	Stanius
Bishop	Himle	McKasy	Redalen	Svigum
Blatz	Hugoson	McPherson	Rest	Thiede
Burger	Jaros	Milbert	Richter	Tjornhom
Carlson, L.	Jennings	Miller	Rose	Tompkins
Clausnitzer	Johnson, A.	Morrison	Sarna	Uphus
Dauner	Johnson, V.	Ogren	Schafer	Valento
Dille	Kelso	Olsen, S.	Scheid	Waltman
Forsythe	Kinkel	Olson, E.	Schreiber	
Frederick	Knickerbocker	Omann	Seaberg	

Those who voted in the negative were:



Anderson, G.	Jefferson	McLaughlin	Otis	Steensma
Battaglia	Jensen	Minne	Pappas	Swenson
Begich	Johnson, R.	Munger	Pauly	Tunheim
Brown	Kahn	Murphy	Pelowski	Vanasek
Carruthers	Kalis	Nelson, C.	Peterson	Vellenga
Clark	Kelly	Nelson, D.	Quinn	Voss
Cooper	Kludt	Nelson, K.	Reding	Wagenius
DeBlieck	Krueger	Neuenschwander	Riveness	Welle
Dorn	Larsen	O'Connor	Rodosovich	Wenzel
Greenfield	Lasley	Olson, K.	Schoenfeld	Winter
Gutknecht	Lieder	Orenstein	Simoneau	Wynia
Jacobs	Long	Osthoff	Skoglund	Spk. Norton

The motion prevailed and the amendment was adopted.

S. F. No. 353, A bill for an act relating to metropolitan water management; authorizing metropolitan counties to adopt ground water plans; relating to notice procedures in certain counties; amending Minnesota Statutes 1986, sections 112.53, subdivision 2; 473.875; 473.876, by adding subdivisions; 473.878, subdivisions 3, 5, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 473.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Long	Otis	Simoneau
Anderson, R.	Haukoos	Marsh	Ozment	Skoglund
Battaglia	Heap	McDonald	Pappas	Solberg
Bauerly	Himle	McEachern	Pauly	Sparby
Beard	Hugoson	McKasy	Pelowski	Stanisus
Begich	Jacobs	McLaughlin	Peterson	Steensma
Bennett	Jaros	McPherson	Poppenhagen	Sviggum
Bertram	Jefferson	Milbert	Price	Swenson
Bishop	Jennings	Miller	Quinn	Thiede
Blatz	Jensen	Minne	Quist	Tjornhom
Boo	Johnson, A.	Morrison	Redalen	Tompkins
Brown	Johnson, R.	Munger	Reding	Trimble
Burger	Johnson, V.	Murphy	Rest	Tunheim
Carlson, L.	Kahn	Nelson, C.	Richter	Uphus
Carruthers	Kalis	Nelson, D.	Riveness	Valento
Clark	Kelly	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelso	Neuenschwander	Rose	Vellenga
Cooper	Kinkel	O'Connor	Rukavina	Voss
Dauner	Kludt	Ogren	Sarna	Wagenius
Dille	Knickerbocker	Olsen, S.	Schafer	Waltman
Forsythe	Knuth	Olson, E.	Scheid	Welle
Frederick	Kostohryz	Olson, K.	Schoenfeld	Wenzel
Frerichs	Krueger	Omman	Schreiber	Winter
Greenfield	Larsen	Onnen	Seaberg	Spk. Norton
Gruenes	Lasley	Orenstein	Segal	
Gutknecht	Lieder	Osthoff	Shaver	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1283 was reported to the House.

Skoglund moved that H. F. No. 1283 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1350, A bill for an act relating to jobs and training; establishing limits for rates under the child care sliding fee program; amending Minnesota Statutes 1986, section 268.91, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Osthoff	Segal
Anderson, R.	Hartle	Long	Otis	Shaver
Battaglia	Haukoos	Marsh	Ozment	Simoneau
Bauerly	Heap	McDonald	Pappas	Skoglund
Beard	Himle	McEachern	Pauly	Solberg
Begich	Hugoson	McKasy	Pelowski	Sparby
Bennett	Jacobs	McLaughlin	Peterson	Stanius
Bertram	Jaros	McPherson	Poppenhagen	Steensma
Blatz	Jefferson	Milbert	Price	Sviggum
Boo	Jennings	Miller	Quinn	Swenson
Brown	Jensen	Minne	Quist	Thiede
Burger	Johnson, A.	Morrison	Redalen	Tjornhom
Carlson, L.	Johnson, R.	Munger	Reding	Tompkins
Carruthers	Johnson, V.	Murphy	Rest	Trimble
Clark	Kahn	Nelson, C.	Rice	Tunheim
Clausnitzer	Kalis	Nelson, D.	Richter	Uphus
Cooper	Kelly	Nelson, K.	Riveness	Valento
Dauner	Kelso	Neuenschwander	Rodosovich	Vanasek
DeBlicke	Kinkel	O'Connor	Rose	Vellenga
Dille	Kludd	Ogren	Rukavina	Voss
Dorn	Knickerbocker	Olsen, S.	Sarna	Wagenius
Forsythe	Knuth	Olson, E.	Schafer	Waltman
Frederick	Kostohryz	Olson, K.	Scheid	Welle
Frerichs	Krueger	Omann	Schoenfeld	Wenzel
Greenfield	Larsen	Onnen	Schreiber	Winter
Gruenes	Lasley	Orenstein	Seaberg	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 940 was reported to the House.

Clark moved to amend H. F. No. 940, the second engrossment, as follows:

Page 14, delete lines 14 to 18

The motion prevailed and the amendment was adopted.

H. F. No. 940, A bill for an act relating to retirement; various employee pension plans; specifying that exemptions from legal process do not include marital property divisions; requiring the provision of certain pension plan information in marriage dissolution actions; providing for court appointed actuaries in marriage dissolution actions; authorizing conversion of a certain joint and survivor annuity; amending Minnesota Statutes 1986, sections 69.51; 352.15, subdivision 1; 352.96, by adding a subdivision; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 424.27; 518.54, subdivision 5, and by adding subdivisions; and 518.58; proposing coding for new law in Minnesota Statutes, chapters 356 and 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 9 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Long	Otis	Skoglund
Battaglia	Gutknecht	Marsh	Ozment	Solberg
Bauerly	Hartle	McDonald	Pappas	Sparby
Beard	Haukoos	McEachern	Pauly	Stanius
Begich	Heap	McKasy	Pelowski	Steensma
Bennett	Hugoson	McLaughlin	Peterson	Sviggum
Bertram	Jacobs	McPherson	Poppenhagen	Swenson
Bishop	Jaros	Minne	Price	Tjornhom
Blatz	Jennings	Morrison	Quinn	Tompkins
Boo	Jensen	Munger	Redalen	Trimble
Brown	Johnson, A.	Murphy	Reding	Tunheim
Burger	Johnson, R.	Nelson, C.	Rest	Uphus
Carlson, L.	Johnson, V.	Nelson, D.	Rice	Valento
Carruthers	Kalis	Nelson, K.	Richter	Vanasek
Clark	Kelly	Neuenschwander	Riveness	Vellenga
Cooper	Kelso	O'Connor	Rodosovich	Wagenius
Dauner	Kinkel	Ogren	Rose	Waltman
DeBlicke	Kludd	Olsen, S.	Rukavina	Welle
Dille	Knickerbocker	Olsen, E.	Sarna	Wenzel
Dorn	Knuth	Olsen, K.	Scheid	Winter
Forsythe	Kostohryz	Omamm	Schoenfeld	Wynia
Frederick	Krueger	Onnen	Segal	Spk. Norton
Frerichs	Larsen	Orenstein	Shaver	

Those who voted in the negative were:

Clausnitzer	Lasley	Miller	Schafer	Thiede
Himle	Milbert	Quist	Seaberg	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1129 was reported to the House.

There being no objection, H. F. No. 1129 was continued on Special Orders for one day.

S. F. No. 1114 was reported to the House.

Jacobs moved to amend S. F. No. 1114, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 299A.02, subdivision 3, is amended to read:

Subd. 3. [REPORTS; RULES.] The commissioner shall have power to require periodic factual reports from all licensed importers, manufacturers, wholesalers and retailers of intoxicating liquors and to make all reasonable rules to effect the object of Laws 1985, chapter 305, articles 2 to 11. The rules shall include provisions for assuring the purity of intoxicating liquors and the true statement of its contents and proper labeling thereof with regard to all forms of sale. No rule may require the use of new containers in aging whiskey. No rule may require cordials or liqueurs to contain in excess of two and one-half percent by weight of sugar or dextrose or both. No rule may prohibit wine or other commodities from being offered at wholesale on original or assorted cases with distilled spirits or vice-versa.

Sec. 2. Minnesota Statutes 1986, section 340A.101, subdivision 10, is amended to read:

Subd. 10. [EXCLUSIVE LIQUOR STORE.] "Exclusive liquor store" is an establishment used exclusively for the sale of intoxicating liquor except for the incidental sale of ice, tobacco, nonintoxicating malt liquor, beverages for mixing with intoxicating liquor, and soft drinks may also be sold, cork extraction devices, and books and videos on the use of alcoholic beverages in the preparation of food, and the establishment may offer recorded or live entertainment and make available coin-operated amusement devices. "Exclusive liquor store" also includes an on-sale or combination on-sale and off-sale intoxicating liquor establishment which sells food for on-premise consumption when authorized by the municipality issuing the license.

Sec. 3. Minnesota Statutes 1986, section 340A.410, is amended by adding a subdivision to read:

Subd. 9. [COIN-OPERATED DEVICES.] Coin-operated amusement devices may not be made available in establishments licensed solely for the off-sale of intoxicating liquor or municipal stores which sell only at off-sale. An establishment holding a combination on-sale and off-sale license or a municipal liquor store which sells at on-sale and off-sale which makes coin-operated devices available shall keep such devices to the greatest extent practicable in that area of the establishment where on-sales are made.

## Sec. 4. [REPEALER.]

Minnesota Statutes 1986, sections 34.119, 34.12, 34.13, and 34.14 are repealed."

Delete the title and insert:

"A bill for an act relating to liquor; limitations on rule-making authority of commissioner; items which may be sold in exclusive liquor stores; locations where coin-operated amusement devices may be kept; amending Minnesota Statutes 1986, sections 299A.02, subdivision 3; 340A.101, subdivision 10; and 340A.410, by adding a subdivision; repealing Minnesota Statutes 1986, sections 34.119, 34.12, 34.13, and 34.14."

The motion prevailed and the amendment was adopted.

S. F. No. 1114, A bill for an act relating to liquor; limitations on rules of the commissioner of public safety; items which may be sold in exclusive liquor stores; regulating sales of fermented malt beverages; amending Minnesota Statutes 1986, sections 299A.02, subdivision 3; and 340A.101, subdivision 10; repealing Minnesota Statutes 1986, sections 34.119; 34.12; 34.13; and 34.14.

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. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Kludt	Neuenschwander	Rice
Anderson, R.	Frerichs	Knickerbocker	O'Connor	Richter
Battaglia	Greenfield	Knuth	Ogren	Riveness
Bauerly	Gruenes	Kostohryz	Olsen, S.	Rodosovich
Beard	Gutknecht	Krueger	Olson, E.	Rose
Begich	Hartle	Lasley	Olson, K.	Ruktavina
Bennett	Haukoos	Lieder	Omann	Sarna
Bertram	Heap	Long	Onnen	Schafer
Bishop	Himle	Marsh	Orenstein	Scheid
Blatz	Hugoson	McDonald	Osthoff	Schoenfeld
Boo	Jacobs	McEachern	Otis	Seaberg
Brown	Jaros	McKasy	Ozment	Segal
Burger	Jefferson	McLaughlin	Pappas	Shaver
Carlson, L.	Jennings	McPherson	Pauly	Shimoneau
Carruthers	Jensen	Milbert	Pelowski	Solberg
Clark	Johnson, A.	Miller	Peterson	Sparby
Clausnitzer	Johnson, R.	Minne	Poppenhagen	Stanius
Cooper	Johnson, V.	Morrison	Price	Steensma
Dauner	Kahn	Munger	Quinn	Sviggum
DeBlick	Kalis	Murphy	Quist	Swenson
Dille	Kelly	Nelson, C.	Redalen	Thiede
Dorn	Kelso	Nelson, D.	Reding	Tjornhom
Forsythe	Kinkel	Nelson, K.	Rest	Tompkins

Trimble  
Tunheim  
Uphus

Valento  
Vanasek  
Vellenga

Wagenius  
Waltman  
Welle

Wenzel  
Winter  
Wynia

Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 1622, A bill for an act relating to courts; providing court of appeals and crime victim representation on the sentencing guidelines commission; providing that terms of commission members appointed by the governor are coterminous with the governor; changing the date on which the commission's report to the legislature is due; clarifying the membership on judicial appeal panels; permitting retired judges to solemnize marriages; clarifying judicial representation on the judicial standards board; authorizing the supreme court to adopt court rules; restricting mileage reimbursement for law clerks; amending Minnesota Statutes 1986, sections 244.09, subdivisions 2, 3, and 11; 253B.19, subdivision 1; 480.051; 481.02, subdivision 3; 484.545, subdivision 3; 484.62; 490.15, subdivision 1; 517.04; and 525.06.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Marsh	Ozment	Skoglund
Anderson, R.	Hartle	McDonald	Pappas	Solberg
Battaglia	Haukoos	McEachern	Pauly	Sparby
Bauerly	Heap	McKasy	Pelowski	Stanius
Beard	Himle	McLaughlin	Peterson	Steensma
Begich	Hugoson	McPherson	Poppenhagen	Sviggun
Bennett	Jacobs	Milbert	Price	Swenson.
Bertram	Jaros	Miller	Quinn	Thiede
Blatz	Jefferson	Minne	Quist	Tjornhom
Boo	Jennings	Morrison	Redalen	Tompkins
Brown	Jensen	Munger	Reding	Trimble
Burger	Johnson, R.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Uphus
Carruthers	Kalis	Nelson, D.	Richter	Valento
Clark	Kelly	Nelson, K.	Riveness	Vanasek
Clausnitzer	Kelso	Neuenschwander	Rodosovich	Vellenga
Cooper	Kinkel	O'Connor	Rose	Voss
Dauner	Kludt	Ogren	Rukavina	Wagenius
DeBlicek	Knickerbocker	Olsen, S.	Sarna	Waltman
Dille	Knuth	Olson, E.	Schafer	Welle
Dorn	Kostohryz	Olson, K.	Scheid	Wenzel
Forsythe	Krueger	Omman	Schoenfeld	Winter
Frederick	Larsen	Onnen	Seaberg	Wynia
Frerichs	Lasley	Orenstein	Segal	Spk. Norton
Greenfield	Lieder	Osthoff	Shaver	
Gruenes	Long	Otis	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 508, A bill for an act relating to housing; providing for administration of the state's low-income housing credit; authorizing the Minnesota housing finance agency to participate in certain housing construction projects and in certain nonprofit corporations; authorizing the sale or rental of certain housing property; providing definitions; providing for the issuance of certain bonds and notes; amending Minnesota Statutes 1986, sections 462A.03, subdivision 14; 462A.05, subdivisions 14, 21, and by adding subdivisions; 462A.06, subdivisions 7 and 12; 462A.08, subdivisions 1 and 3; and 462A.18, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Skoglund
Anderson, R.	Hartle	Marsh	Pappas	Solberg
Battaglia	Haukoos	McDonald	Pauly	Sparby
Bauerly	Heap	McEachern	Pelowski	Stanius
Beard	Himle	McKasy	Peterson	Steensma
Begich	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bennett	Jacobs	McPherson	Price	Swenson
Bertram	Jaros	Milbert	Quinn	Thiede
Bishop	Jefferson	Miller	Quist	Tjornhom
Blatz	Jennings	Minne	Redalen	Tompkins
Boo	Jensen	Morrison	Reding	Trimble
Brown	Johnson, A.	Munger	Rest	Tunheim
Burger	Johnson, R.	Murphy	Rice	Uphus
Carruthers, L.	Johnson, V.	Nelson, C.	Richter	Valento
Carruthers	Kahn	Nelson, D.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlicke	Kludt	Olsen, S.	Schafer	Welle
Dille	Knickerbocker	Olson, E.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Forsythe	Kostohryz	Omann	Schreiber	Wynia
Frederick	Krueger	Onnen	Seaberg	Spk. Norton
Frerichs	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Shaver	
Gruenes	Lieder	Otis	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 867, A bill for an act relating to local improvements; authorizing the levy of special assessments for highway sound barriers; amending Minnesota Statutes 1986, sections 429.011, by adding a subdivision; and 429.021, 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 124 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Otis	Skoglund
Anderson, R.	Hartle	Marsh	Ozment	Solberg
Battaglia	Haukoos	McDonald	Pappas	Sparby
Bauerly	Heap	McEachern	Pauly	Stanisus
Beard	Himle	McKasy	Pelowski	Steensma
Begich	Hugoson	McLaughlin	Peterson	Sviggum
Bennett	Jacobs	McPherson	Poppenhagen	Swenson
Bertram	Jaros	Milbert	Price	Thiede
Blatz	Jefferson	Miller	Quinn	Tjornhom
Boo	Jennings	Minne	Quist	Tompkins
Brown	Jensen	Morrison	Redalen	Trimble
Burger	Johnson, A.	Munger	Reding	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rest	Uphus
Carruthers	Johnson, V.	Nelson, C.	Rice	Valento
Clark	Kahn	Nelson, D.	Richter	Vanasek
Clausmitzer	Kalis	Nelson, K.	Riveness	Vellenga
Cooper	Kelly	Neuenschwander	Rodosovich	Voss
Dauner	Kelso	O'Connor	Rose	Wagenius
Dille	Kinkel	Ogren	Rukavina	Waltman
Dorn	Kludt	Olson, E.	Sarna	Welle
Forsythe	Knickerbocker	Olson, K.	Schafer	Wenzel
Frederick	Kostohryz	Omam	Scheid	Winter
Frerichs	Krueger	Onnen	Schoenfeld	Wynia
Greenfield	Larsen	Orenstein	Seaberg	Spk. Norton
Gruenes	Lieder	Osthoff	Shaver	

Those who voted in the negative were:

DeBlick	Lasley	Olsen, S.	Segal	Simoneau
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The bill was passed and its title agreed to.

H. F. No. 1156, A bill for an act relating to Traverse county; allowing a property tax levy for the county agricultural society.

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 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, L.	Greenfield	Jennings	Knickerbocker
Anderson, R.	Carruthers	Gruenes	Jensen	Knuth
Battaglia	Clark	Gutknecht	Johnson, A.	Kostohryz
Bauerly	Cooper	Hartle	Johnson, R.	Krueger
Begich	Dauner	Haukoos	Johnson, V.	Larsen
Bennett	DeBlick	Heap	Kahn	Lieder
Bertram	Dille	Himle	Kalis	Long
Bishop	Dorn	Hugoson	Kelly	Marsh
Blatz	Forsythe	Jacobs	Kelso	McDonald
Boo	Frederick	Jaros	Kinkel	McEachern
Brown	Frerichs	Jefferson	Kludt	McKasy



McLaughlin	Olsen, S.	Poppenhagen	Seaberg	Valento
McPherson	Olson, E.	Quinn	Shaver	Vanasek
Milbert	Olson, K.	Redalen	Sköglund	Vellenga
Minne	Omann	Reding	Solberg	Voss
Morrison	Onnen	Riveness	Sparby	Waltman
Munger	Orenstein	Rodosovich	Stanius	Welle
Murphy	Osthoff	Rose	Steensma	Wenzel
Nelson, C.	Otis	Rukavina	Sviggum	Winter
Nelson, D.	Ozment	Sarna	Swenson	Wynia
Nelson, K.	Pappas	Schafer	Tompkins	Spk. Norton
Neuenschwander	Pauly	Scheid	Trimble	
O'Connor	Pelowski	Schoenfeld	Tunheim	
Ogren	Peterson	Schreiber	Uphus	

Those who voted in the negative were:

Beard	Lasley	Quist	Simoneau
Burger	Miller	Rice	Thiede
Clausnitzer	Price	Richter	Tjornhom

The bill was passed and its title agreed to.

S. F. No. 385 was reported to the House.

Trimble moved to amend S. F. No. 385, as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

##### Section 1. [84.0911] [WILD RICE MANAGEMENT ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The wild rice management account is established as an account in the state treasury.

Subd. 2. [RECEIPTS.] Money received from the sale of wild rice licenses issued by the commissioner under section 84.091, subdivision 3, clauses (1) and (3), shall be credited to the wild rice management account.

Subd. 3. [USE OF MONEY IN ACCOUNT.] (a) Money in the wild rice management account shall be used by the commissioner for management of designated public waters to improve natural wild rice production.

(b) Money that is not appropriated from the wild rice management account does not cancel but shall remain in the wild rice management account until appropriated.

Sec. 2. Minnesota Statutes 1986, section 97A.015, subdivision 18, is amended to read:

Subd. 18. [ENFORCEMENT OFFICER.] "Enforcement officer" means the commissioner, the director of the enforcement division, a conservation officer, or a game refuge manager.

Sec. 3. Minnesota Statutes 1986, section 97A.015, subdivision 25, is amended to read:

Subd. 25. [GAME FISH.] "Game fish" means walleye, sauger, yellow perch, channel catfish, flathead catfish; members of the pike family, Esocidae, including muskellunge and northern pike; members of the sunfish family, Centrarchidae, including largemouth bass, smallmouth bass, sunfish, rock bass, white crappie, black crappie, members of the temperate bass family, Percichthyidae, including white bass and yellow bass; members of the salmon and trout subfamily, Salmoninae, including Atlantic salmon, chinook salmon, coho salmon, pink salmon, kokanee salmon, lake trout, brook trout, brown trout, rainbow (steelhead) trout, and splake; members of the paddlefish family, Polyodontidae; members of the sturgeon family, Acipenseridae, including lake sturgeon, and shovelnose sturgeon. "Game fish" includes hybrids of game fish.

Sec. 4. Minnesota Statutes 1986, section 97A.015, subdivision 43, is amended to read:

Subd. 43. [ROUGH FISH.] "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, burbot, ~~eiseee~~ cisco, gar, goldeye, and bullhead.

Sec. 5. Minnesota Statutes 1986, section 97A.015, subdivision 45, is amended to read:

Subd. 45. [SMALL GAME.] "Small game" means game birds, gray squirrel, fox squirrel, cottontail rabbit, snowshoe hare, jack rabbit, raccoon, lynx, bobcat, red fox and gray fox, fisher, pine marten, ~~opossum~~ opossum, badger, cougar, wolverine, muskrat, mink, otter, and beaver.

Sec. 6. Minnesota Statutes 1986, section 97A.015, subdivision 51, is amended to read:

Subd. 51. [UNLOADED.] "Unloaded" means, with reference to a firearm, without ammunition in the barrels and magazine, if the magazine is in the firearm. A muzzle loading firearm with a flintlock ignition is unloaded if it does not have priming powder in a pan. A muzzle loading firearm with percussion ignition is unloaded if it does not have a percussion cap on a nipple.

Sec. 7. Minnesota Statutes 1986, section 97A.055, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The game and fish fund is established as a fund in the state treasury. The money in the fund is annually appropriated to the commissioner for the activities of the division of fish and wildlife and the division of enforcement.

Sec. 8. Minnesota Statutes 1986, section 97A.065, subdivision 2, is amended to read:

Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of the game and fish laws, sections 84.09 to 84.15, and 84.81 to 84.88, chapter ~~34B~~ 348, and any other law relating to wild animals, and aquatic vegetation must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraph (b).

(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner.

Sec. 9. Minnesota Statutes 1986, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivision 2, clauses (4) and (5) and subdivision 3, clauses (2) and (3).

(b) At least \$2 from each deer license shall be used for deer habitat improvement.

(c) At least \$1 from each resident deer license and each resident bear license shall be used for deer and bear management programs, including a computerized licensing system.

Sec. 10. Minnesota Statutes 1986, section 97A.085, subdivision 5, is amended to read:

Subd. 5. [SPECIES GAME REFUGE FOR SPECIFIED GAME.] The commissioner may, by order, designate a species game refuge for only specified species. The game refuge must be posted accordingly.

Sec. 11. Minnesota Statutes 1986, section 97A.085, subdivision 7, is amended to read:

Subd. 7. [GAME REFUGE BOUNDARY POSTING.] (a) The designation of a state game refuge is not effective until the boundary has been posted with notices that measure at least 12 inches. The notices posted on state park boundaries must have black letters on a yellow background stating that the area is a state park. The notices on other game refuges must have black letters on a white background stating that the area is a state game refuge.

(b) The notices must be posted at intervals of not more than 500 feet or less along the boundary. The notices must also be posted at all public road entrances to the refuges, except where the boundary is also an international or state boundary in public waters. Where the boundary of a refuge extends more than 500 feet continuously through a body of water, instead of placing notices in the water, notices with the words, "Adjacent Waters Included," may be placed on the shoreline at the intersection of the boundary and the water 20 feet or less above the high water mark and at intervals of 500 feet or less along the shoreline.

(c) A certification by the commissioner or the director, or a certification filed with the commissioner or director by a conservation officer, refuge supervisor, or other authorized officer or employee, stating that the required notices have been posted is prima facie evidence of the posting.

Sec. 12. Minnesota Statutes 1986, section 97A.111, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF LICENSE.] (a) The commissioner shall investigate the application filed and may require the applicant to produce evidence of the facts stated. The commissioner shall issue a muskrat farm license to an applicant if the commissioner determines that:

- (1) the applicant is the owner of the land;
- (2) the applicant intends to establish and operate a muskrat farm; and
- (3) the establishment of a muskrat farm in the proposed area will conserve the natural resources.

(b) The license must describe the land and certify that the licensee is entitled to use the land to breed, raise, trap, and trade muskrats. The license expires on December 31 each year but may be renewed annually at the discretion of the commissioner upon payment of the license fee.

Sec. 13. Minnesota Statutes 1986, section 97A.111, subdivision 7, is amended to read:

Subd. 7. [ANNUAL REPORT.] By March 1 31 of each year, the licensee must submit a signed report to the commissioner covering the preceding calendar license year. The report must be completed on a form furnished by the commissioner stating the license number, the number and value of muskrats killed, transported, and sold from the muskrat farm, and other information required by the commissioner.

Sec. 14. Minnesota Statutes 1986, section 97A.121, subdivision 5, is amended to read:

Subd. 5. [MARKING HARVESTED GAME.] Harvested game, except ducks that are marked in accordance with regulations of the United States Fish and Wildlife Service, must be tagged with a self-sealing tag, identifying the private shooting preserve. The commissioner shall issue the tags at a cost of 15 cents each. The tag must remain attached on the bird until while the bird is actually prepared for consumption transported.

Sec. 15. Minnesota Statutes 1986, section 97A.135, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC HUNTING AND WILDLIFE AREAS.] (a) The commissioner or the commissioner of administration shall acquire and improve land for public hunting, game refuges, and food and cover planting. The land may be acquired by a gift, lease, easement, purchase, or condemnation. At least two-thirds of the total area acquired in a county must be open to public hunting. The commissioner may designate land acquired under this subdivision as a wildlife management area for the purposes of the outdoor recreation system.

(b) The commissioner of administration may transfer money to the commissioner for acquiring wetlands wildlife lands to qualify for Pittman-Robertson funds. The transferred money is reappropriated to the commissioner for the wetland wildlife land acquisition.

Sec. 16. Minnesota Statutes 1986, section 97A.201, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT BY THE COMMISSIONER.] The commissioner shall execute and enforce the laws relating to wild animals. The commissioner may delegate execution and enforcement of the wild animal laws to the director, game refuge managers, and conservation enforcement officers.

Sec. 17. Minnesota Statutes 1986, section 97A.211, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO APPEAR IN COURT.] (a) A person must be given notice to appear in court for a misdemeanor violation of the game and fish laws, chapter 84, 105, or ~~106~~ 106A, or section 609.68 if:

(1) the person is arrested and is released from custody prior to appearing before a court; or

(2) the person is subject to a lawful arrest and is not arrested because it reasonably appears to the enforcement officer that arrest is unnecessary to prevent further criminal conduct and that there is a substantial likelihood that the person will respond to a notice:

(b) The enforcement officer shall prepare, in quadruplicate, a written notice to appear in court. The notice must be in the form and has the effect of a summons and complaint. The notice must contain the name and address of the person charged, the offense, and the time and the place to appear in court. The court must have jurisdiction within the county where the offense is alleged to have been committed.

Sec. 18. Minnesota Statutes 1986, section 97A.211, subdivision 2, is amended to read:

Subd. 2. [RELEASE AFTER ARREST.] A person arrested for a misdemeanor violation of the game and fish laws, chapter 84, 105, or ~~106~~ 106A or section 609.68 may obtain release by signing the written notice prepared by the arresting officer promising to appear in court. The officer shall deliver a copy marked "SUMMONS" to the person arrested. The officer must then release the person from custody.

Sec. 19. Minnesota Statutes 1986, section 97A.221, subdivision 1, is amended to read:

Subdivision 1. [PROPERTY SUBJECT TO CONFISCATION.] (a) An enforcement officer may confiscate:

(1) wild animals, wild rice, and other aquatic vegetation taken, bought, sold, transported, or possessed in violation of the game and fish laws or chapter 84; and

(2) firearms, bows and arrows, nets, boats, lines, poles, fishing rods and tackle, lights, lanterns, snares, traps, spears, dark houses, fish houses, and wild rice harvesting equipment that are used, with the owner's knowledge to unlawfully take or transport wild animals, wild rice, or other aquatic vegetation.

(b) An enforcement officer must confiscate nets and equipment unlawfully possessed within ten miles of Lake of the Woods or Rainy Lake.

(c) Confiscated property may be disposed of, retained for use by the division, or sold at the highest price obtainable as prescribed by the commissioner.

Sec. 20. Minnesota Statutes 1986, section 97A.255, subdivision 2, is amended to read:

Subd. 2. [BURDEN OF PROOF.] In a prosecution that alleges animals have been taken, bought, sold, transported, or possessed in violation of the game and fish laws, the burden of establishing that the animals were domesticated, reared in a private preserve, raised in a private fish hatchery, taken for scientific purposes, or lawfully taken outside of this state, or received as a gift, is on the defendant.

Sec. 21. Minnesota Statutes 1986, section 97A.311, subdivision 4, is amended to read:

Subd. 4. [SUSPENSION OF LICENSE AGENT SUSPENSION.] In addition to other penalties, a license agent that violates a law, rule, or order of the commissioner relating to license sales, handling, or accounting forfeits the right to sell and handle licenses for a period of one year.

Sec. 22. Minnesota Statutes 1986, section 97A.315, subdivision 2, is amended to read:

Subd. 2. [LICENSE REVOCATIONS.] (a) If a person is convicted under ~~subdivision 1~~ of trespassing under subdivision 1 while exercising or attempting to exercise an activity licensed under the game and fish laws or requiring snowmobile registration under section 84.82, the applicable license and registration are null and void.

(b) A person convicted of a gross misdemeanor under subdivision 1, paragraph (b), may not be issued a license to take game for two years after the conviction.

Sec. 23. Minnesota Statutes 1986, section 97A.325, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANOR FOR SALES OF \$300 OR MORE.] (a) A person that buys or sells protected wild animals in violation of the game and fish laws where the sales total \$300 or more is guilty of a gross misdemeanor. The person is subject to the penalty in section ~~97A.301~~ 97A.301, subdivision 2, except that the fine is may not be less than \$3,000 or more than \$10,000.

(b) Licenses possessed by a person convicted under this subdivision are null and void and the person may not take wild animals for three years after the conviction.

Sec. 24. Minnesota Statutes 1986, section 97A.331, subdivision 1, is amended to read:

Subdivision 1. [~~HUNTING WHILE INTOXICATED OR USING NARCOTIC DRUGS UNDER THE INFLUENCE OF ALCOHOL OR A CONTROLLED SUBSTANCE.~~] A person that violates a the provision of section 97B.065 relating to hunting while ~~visibly intoxicated or under the influence of alcohol or a narcotic drug under section 97B.065, controlled substance~~ is guilty of a gross misdemeanor.

Sec. 25. Minnesota Statutes 1986, section 97A.405, subdivision 2, is amended to read:

Subd. 2. [PERSONAL POSSESSION.] A person to whom a license is issued must have the license in personal possession while acting under the license and while traveling to and from the area where the licensed activity is performed. If possession of a license is required, a person must exhibit the proper license when requested by a conservation officer or peace officer. A receipt for license fees, a copy of a license, or evidence showing the issuance of a license does not entitle a licensee to exercise the rights or privileges conferred by a license.

Sec. 26. Minnesota Statutes 1986, section 97A.415, subdivision 1, is amended to read:

Subdivision 1. [ONE LICENSE PER PERSON.] Only one trapping and big game license of each kind may be issued to a person in a license year; ~~except the nonresident short term angling license,~~ unless authorized by commissioner's order.

Sec. 27. Minnesota Statutes 1986, section 97A.421, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) The license of a person convicted of a violation of the game and fish laws relating to the license or wild animals covered by the license is void when:

(1) a second conviction occurs within three years under a license to take small game or to take fish by angling or spearing;

(2) a third conviction occurs within one year under a minnow dealer's license; or



(3) the conviction occurs under a license not described in clause (1) or (2).

(b) Except for big game licenses and as otherwise provided in this section, and for one year after the conviction, the person may not obtain that the kind of license relating to the game and fish law violation.

Sec. 28. Minnesota Statutes 1986, section 97A.425, is amended to read:

**97A.425 [RECORD AND REPORTING REQUIREMENTS FOR DEALERS, TANNERS, AND TAXIDERMISTS.]**

Subdivision 1. [REQUIREMENT.] A person required to have a license under the game and fish laws to buy or sell wild animals, to tan or dress raw furs, or to mount specimens of wild animals, must keep complete records in a book of all transactions and activities covered by the license and submit reports to the commissioner.

Subd. 2. [RECORDS.] (a) The records must show:

(1) the names and addresses of persons from whom wild animals were obtained and to whom they were transferred;

(2) the dates of receipt, shipment, and sale of wild animals;

(3) detailed descriptions of the number and type of wild animals purchased, sold, and shipped;

(4) serial numbers of seals, tags, or permits required to be attached to the wild animals; and

(5) trapping license numbers for protected fur-bearing animals, unless the trapper is exempt from the license requirement, which must be noted.

(b) A licensed fur dealer, buying for one employer at the employer's place of business is not required to keep separate records if the employer notifies the commissioner in writing that the employer will account for the fur dealer.

(c) The records required under this section must be available for inspection by the commissioner, the director, or their agents at all reasonable times. The records must be preserved and available for two years after the expiration of a license that required them.

(d) Records required of persons licensed to buy or sell wild animals, or to tan or dress raw furs, must be kept in a book supplied by the commissioner.

Subd. 3. [REPORTS.] Except for persons licensed to mount specimens of wild animals, an annual notarized report covering the preceding calendar license year must be submitted to the commissioner by January March 15. The commissioner may require other reports for statistical purposes. The reports must be on forms supplied by the commissioner.

Sec. 29. Minnesota Statutes 1986, section 97A.445, subdivision 3, is amended to read:

Subd. 3. [ANGLING AND SPEARING; DISABLED RAILROAD AND POSTAL RETIREES.] A license is not required to take fish by angling or spearing for a resident that is:

(1) receiving aid under the federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(2) a former employee of the United States Postal Service receiving disability pay under United States Code Annotated, title 4, section 8337.

Sec. 30. Minnesota Statutes 1986, section 97A.451, subdivision 1, is amended to read:

Subdivision 1. [RESIDENTS OVER AGE 65; FISHING.] A resident age 65 or over may take fish by angling or spearing without a license if the resident has a valid driver's license, Minnesota identification card, or other document showing age and residency in possession while taking fish and while traveling to and from the location where fish are taken. The person must exhibit the proof of age at the request of a conservation officer or peace officer.

Sec. 31. Minnesota Statutes 1986, section 97A.451, subdivision 5, is amended to read:

Subd. 5. [NONRESIDENTS UNDER AGE 16; FISHING WITH PARENTS.] A nonresident under the age of 16 may take fish by angling without a license if a parent or guardian has a ~~nonresident~~ fishing license. Fish taken by a nonresident under the age of 16 without a license must be included in the limit of the parent or guardian. A nonresident under age 16 may purchase a nonresident fishing license, take fish by angling, and possess a limit of fish.

Sec. 32. Minnesota Statutes 1986, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, shall be

(1) to take fish by angling, \$16;

- (2) to take fish by angling limited to seven consecutive days, \$13;
- (3) to take fish by angling for three consecutive days, \$10; and
- (4) to take fish by angling for a combined license for a family, \$27.50.

Sec. 33. Minnesota Statutes 1986, section 97A.481, is amended to read:

97A.481 [LICENSE APPLICATIONS UNDER OATH.]

All information required on a license application form must be furnished. The application must be made in writing and under oath. ~~A person authorized to issue licenses has the authority to administer oaths to applicants, and a license may not be issued without actually administering the oath.~~

Sec. 34. Minnesota Statutes 1986, section 97A.505, subdivision 4, is amended to read:

Subd. 4. [STORAGE OF PROTECTED WILD ANIMALS.] A person that stores protected wild animals for others must plainly mark the package, in ink, with the name and address of the owner, the license number of the person taking the animal, and the number and species in the package. A person may not use a commercial cold storage warehouse for protected wild animals, except lawfully taken fish and furs.

Sec. 35. Minnesota Statutes 1986, section 97A.505, subdivision 5, is amended to read:

Subd. 5. [LICENSE NOT REQUIRED FOR ANIMALS ACQUIRED BY GIFT.] Lawfully taken protected wild animals may be transferred by gift. A person is not required to have a license to possess and transport protected wild animals acquired by gift if the person has written proof as prescribed by the commissioner. If wild animals are transported out of the county where the recipient resides, the recipient must:

- (1) ~~attach a tag marked in ink, with the name and address of the owner and the license number of the person taking the animals; or~~
- (2) ~~furnish an affidavit showing the name and address of the donor.~~

Sec. 36. Minnesota Statutes 1986, section 97A.535, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION PERIOD RESTRICTED.] A person may transport ~~one~~ deer, ~~one~~ bear, or ~~one~~ moose during the open season and the two days following the season, and afterwards as prescribed by the commissioner.

Sec. 37. Minnesota Statutes 1986, section 97A.535, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION BY PERSON OTHER THAN LICENSEE.] A person other than the licensee may transport deer, bear, or moose that the licensee has registered as prescribed by the commissioner. ~~The person must transport the animal by the most direct route.~~ A tag must be attached to the animal and marked in ink with the address, license number, signature of the licensee, and the locations from which and to which the animal is being transported.

Sec. 38. Minnesota Statutes 1986, section 97A.545, subdivision 4, is amended to read:

Subd. 4. [UNDRESSED GAME BIRDS TAKEN IN ADJACENT STATES OUTSIDE OF THIS STATE.] (a) A person may transport into the state ~~dressed~~ undressed game birds that are lawfully taken and possessed ~~in adjacent states~~ outside of this state.

(b) A resident may ship the undressed game birds by common carrier within the state. A nonresident may ship the undressed game birds out of the state by common carrier. Each shipment must be tagged or sealed by a conservation officer as prescribed by the commissioner.

Sec. 39. Minnesota Statutes 1986, section 97A.551, subdivision 3, is amended to read:

Subd. 3. [SHIPPING ~~ONE FISH TO ANY PERSON~~.] A person that has a license to take fish may ~~ship one~~ make three shipments of fish in a license year to any person within or out of the state after obtaining a permit for each shipment from the commissioner. A shipment may not contain more than a possession limit of one species of fish per licensee.

Sec. 40. Minnesota Statutes 1986, section 97B.001, subdivision 3, is amended to read:

Subd. 3. [ENTERING LAND PROHIBITED AFTER NOTICE.] Except as provided in ~~subdivisions 5 and subdivision 6~~, a person may not enter any land to take a wild animal after being notified not to do so orally by the owner, occupant, or lessee.

Sec. 41. Minnesota Statutes 1986, section 97B.001, subdivision 5, is amended to read:

Subd. 5. [RETRIEVING WOUNDED GAME FROM AGRICULTURAL LAND.] Except as provided in subdivision 3, a hunter, on foot, may retrieve wounded game during the open season for the game, from agricultural land that is not posted under subdivision 4, without permission of the landowner. The hunter must leave the land immediately after retrieving the wounded game.

Sec. 42. Minnesota Statutes 1986, section 97B.001, subdivision 7, is amended to read:

Subd. 7. [TAKING WITH FIREARMS IN CERTAIN AREAS.] (a) A person may not take a wild animal with a firearm within 500 feet of a building occupied by a human or livestock without the written permission of the owner or occupant:

- (1) on another person's private agricultural land; or
- (2) on a public right-of-way.

(b) A person may not take a wild animal with a firearm without the ~~written~~ permission of the owner within 500 feet of a stockade or corral containing livestock.

(c) A person may not take a wild animal with a firearm:

- (1) on land other than agricultural land within 200 feet of a building occupied by a human without the oral permission of the owner or occupant of the building; or
- (2) within 500 feet of a burning area.

Sec. 43. Minnesota Statutes 1986, section 97B.041, is amended to read:

97B.041 [POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.]

A person may not possess a firearm or ammunition outdoors during the period beginning the tenth day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:

- (1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) ~~a~~ an unloaded firearm that is ~~unloaded~~ and in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and ~~only~~ shells containing No. 4 buckshot or smaller diameter lead shot or steel shot;

(4) a handgun or rifle and only short, long, and long rifle cartridges that are caliber of .22 inches;

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner.

Sec. 44. Minnesota Statutes 1986, section 97B.061, is amended to read:

97B.061 [REPORTS AND RECORDS.]

If requested by the commissioner, a person who has taken game must submit a report to the commissioner on a furnished form before ~~February 1~~ March 15, stating the number and kind of each game animal taken during the preceding ~~calendar~~ license year.

Sec. 45. Minnesota Statutes 1986, section 97B.065, is amended to read:

97B.065 [~~HUNTING WHILE INTOXICATED OR USING NARCOTICS PROHIBITED UNDER THE INFLUENCE OF ALCOHOL OR A CONTROLLED SUBSTANCE~~]

A person may not take protected wild animals with a firearm or by archery while ~~visibly intoxicated or~~ under the influence of ~~narcotics~~ alcohol or a controlled substance.

Sec. 46. Minnesota Statutes 1986, section 97B.081, subdivision 1, is amended to read:

Subdivision 1. [WITH FIREARMS AND BOWS.] (a) A person may not cast the rays of a spotlight, headlight, or other artificial light on a highway, or in a field, woodland, or forest, to spot, locate, or take a wild animal, while having in possession, either individually or as one of a group of persons, a firearm, bow, or other implement that could be used to kill big game.

(b) This subdivision does not apply to a firearm that is:

(1) unloaded;

(2) in a gun case expressly made to contain a firearm that fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened without any portion of the firearm exposed; and

(3) in the closed trunk of a motor vehicle.

(c) This subdivision does not apply to a bow that is:

(1) completely encased or unstrung; and

(2) in the closed trunk of a motor vehicle.

(d) If the motor vehicle under paragraph (b) or (c) does not have a trunk, the firearm or bow must be placed in the rearmost location of the vehicle.

(e) This subdivision does not apply to persons taking raccoons under section 97B.621, subdivision 3.

Sec. 47. Minnesota Statutes 1986, section 97B.601, subdivision 4, is amended to read:

Subd. 4. [EXCEPTION TO LICENSE REQUIREMENTS.] (a) A resident under age 16 may take small game without a small game license, and a resident under age 13 may trap without a trapping license, as provided in section 97A.451, subdivision 3:

(b) A person may take small game without a small game license on land occupied by the person as a principal residence.

(c) An owner or occupant may take certain small game causing damage without a small game or trapping license as provided in section 97B.655:

(d) A person may use dogs to pursue and tree raccoons under section 97B.621, subdivision 2, during the closed season without a license.

Sec. 48. Minnesota Statutes 1986, section 97B.605, is amended to read:

97B.605 [COMMISSIONER MAY RESTRICT TAKING OF CERTAIN SMALL GAME ANIMALS.]

The commissioner may prescribe restrictions on and designate areas where gray and fox squirrels, cottontail and jack rabbits, snowshoe hare, raccoon, lynx, bobcat, red fox and gray fox, fishers, fisher, pine marten, opossum, and badger may be taken and possessed.

Sec. 49. Minnesota Statutes 1986, section 97B.635, is amended to read:

97B.635 [FISHER; BADGER; ~~OPOSSUM~~ OPOSSUM; AND PINE MARTEN.]

Based upon population estimates, the commissioner may set the open season for fisher, badger, ~~opossum~~ opossum, and pine marten.

Sec. 50. Minnesota Statutes 1986, section 97B.655, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PERMIT FOR TAKING PROTECTED WILD ANIMALS.] The commissioner may issue special permits under section 97A.401, subdivision 5, to take protected wild animals that are damaging property. ~~A person must have the required license and seals to take beaver under the permit.~~

Sec. 51. Minnesota Statutes 1986, section 97B.701, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED METHODS OF TAKING.] A person may not take protected birds:

- (1) with a trap, net, or snare;
- (2) using bird lime;
- (3) with a swivel or set gun; ~~or~~
- (4) by dragging a rope, wire, or other device across a field; or
- (5) by using fire.

Sec. 52. Minnesota Statutes 1986, section 97C.345, subdivision 2, is amended to read:

Subd. 2. [POSSESSION.] (a) Except as specifically authorized, a person may not possess a spear, fish trap, net, dip net, seine, or other device capable of taking fish on or near any waters. Possession includes personal possession and in a vehicle.

(b) A person may possess spears, dip nets, bows and arrows, and spear guns allowed under section 97C.381 on or near waters between sunrise and sunset ~~after April 30~~ between May 1 and February 15.

Sec. 53. Minnesota Statutes 1986, section 97C.345, subdivision 3, is amended to read:



Subd. 3. [DIP NETS.] A person may possess and use a dip net between one hour before sunrise and one hour after sunset after April 30 between May 1 and February 15.

Sec. 54. [REPEALER.]

Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.255, subdivision 3; 97A.505, subdivisions 1, 3, and 6; and 97A.551, subdivision 1, are repealed.

ARTICLE 2

CROSS REFERENCE AMENDMENTS

Section 1. Minnesota Statutes 1986, section 84.0894, is amended to read:

84.0894 [ENFORCEMENT OF AQUATIC PLANTS AND ENDANGERED SPECIES.]

An enforcement officer shall enforce a violation of Laws 1986, chapter 386, article 4, sections 9 to 13 84.0895, 84.091, 84.092, 84.093, and 84.152 in the same manner as a violation of the game and fish laws.

Sec. 2. Minnesota Statutes 1986, section 84.928, subdivision 7, is amended to read:

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. 3. Minnesota Statutes 1986, section 84.944, subdivision 1, is amended to read:

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 84.0895;

(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.

Sec. 4. Minnesota Statutes 1986, section 84.944, subdivision 2, is amended to read:

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, 101.42, subdivision 9, or 101.475 sections 97A.101, 97A.125, 97C.001, 97C.011, and 97C.021.

Sec. 5. Minnesota Statutes 1986, section 84.944, subdivision 3, is amended to read:

Subd. 3. [COUNTY ACQUISITION APPROVAL.] The commissioner must follow the procedures under section 97.481 97A.145, subdivision 2, for critical natural habitat acquired under this section.

Sec. 6. Minnesota Statutes 1986, section 85.41, subdivision 2, is amended to read:

Subd. 2. [LICENSE AGENTS.] County auditors are appointed agents of the commissioner for the sale of annual cross country ski licenses and daily permits. A county auditor may appoint subagents within the county or within adjacent counties to sell licenses and permits. Upon appointment the auditor shall notify the commissioner of the name and address of the subagent. The auditor may revoke the appointment of a subagent at any time. Upon demand of the commissioner, the auditor shall revoke a subagent's appointment. The auditor shall furnish license and permit blanks on consignment to any subagent who furnishes a surety bond in favor of the county in an amount at least equal to the value of the blanks to be consigned to that subagent. The county auditor shall be responsible for all blanks issued to, and user fees received by agents, except in St. Louis county or in a county where the county auditor does not retain fees paid for license purposes. In these counties, the responsibilities imposed upon the county auditor are imposed upon the

county. The commissioner may promulgate additional rules pursuant to as provided in section 98.50, subdivision 2 97A.485, subdivision 11.

Any resident desiring to sell annual cross country ski licenses and daily permits may either purchase for cash or obtain on consignment license and permit blanks from a county auditor in groups of not less than ten individual blanks. In selling licenses, the resident shall be deemed a subagent of the county auditor and the commissioner, and shall observe all rules promulgated by the commissioner for the accounting and handling of licenses pursuant to section 98.50, subdivision 10 97A.485.

The county auditor shall promptly deposit all monies received from the sale of licenses and permits with the county treasurer, and shall promptly transmit any reports required by the commissioner, plus 96 percent of the price to each annual licensee, exclusive of the issuing fee, for each annual license sold or consigned by the auditor and subsequently sold to a licensee during the accounting period. The county auditor shall retain as a commission four percent of all annual license fees, excluding the issuing fee for licenses consigned to subagents.

Unsold blanks in the hands of any subagent shall be redeemed by the commissioner if presented for redemption within the time prescribed by the commissioner. Any blanks not presented for redemption within the period prescribed shall be conclusively presumed to have been sold, and the subagent possessing the same or to whom they are charged shall be accountable.

Sec. 7. Minnesota Statutes 1986, section 106A.085, subdivision 1, is amended to read:

Subdivision 1. [WARRANTS AND ARRESTS.] ~~The commissioner, director of the fish and game division, game refuge patrol officers, and conservation officers~~ An enforcement officer, as defined in section 97A.015, subdivision 18, may execute and serve warrants, and arrest persons detected in actual violation of sections 106A.005 to 106A.811 as provided in section 97.50, subdivision 1 sections 97A.205 and 97A.211.

Sec. 8. Minnesota Statutes 1986, section 106A.401, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER MUST RECOGNIZE DRAINAGE OUTLET PROCEEDINGS WHEN PURCHASING WETLANDS.] If the commissioner purchases wetlands under section ~~97.481~~ 97A.145, the commissioner must recognize that when a majority of landowners or owners of a majority of the land in the watershed, petition for a drainage outlet, the state should not

interfere with or unnecessarily delay the drainage proceedings if the proceedings are conducted according to this chapter.

Sec. 9. Minnesota Statutes 1986, section 106A.615, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENTS ON WILDLIFE LANDS TO BE PAID FROM WILDLIFE ACQUISITION FUND.] An assessment against state land acquired for wildlife habitat shall be paid from the wildlife acquisition fund as provided in section 97.484 97A.071, subdivision 4.

Sec. 10. Minnesota Statutes 1986, section 144.95, subdivision 4, is amended to read:

Subd. 4. [RESEARCH TRIALS.] Research trials of mosquito management methods and materials are subject to the following laws and rules unless a specific written exemption, license, or waiver is granted; sections 97.48, 97.488, 98.48 84.0895, 84.092, 97A.045, subdivision 1, 105.38, 105.41, and 105.463; and Minnesota Rules, chapters 1505, 6115, 6120, 6134, and 6140.

Sec. 11. Minnesota Statutes 1986, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] Receipts from penalty assessments must be credited to a peace officers training account in the special revenue fund. Money credited to the peace officers training account may be appropriated for but not limited to the following purposes, among others:

(a) Up to ten percent may be provided for reimbursement to board approved skills courses in proportion to the number of students successfully completing the board's skills licensing examination.

(b) Assessments related to violations described in section 97.49, subdivision 5 97A.065, subdivision 2, are appropriated to provide peace officer training for persons employed by the commissioner of natural resources who are licensed under section 626.84, subdivision 1, clause (c), and who possess peace officer authority for the purpose of enforcing game and fish laws.

(c) The balance may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214."

Delete the title and insert:

"A bill for an act relating to game and fish; clarifying and making technical changes in the game and fish laws; recodifying establishment of the wild rice management account; defining enforcement officer; defining brown trout as a game fish; defining an unloaded firearm; allowing the commissioner to use the game and fish fund for activities of the enforcement division; designating notices to be placed on state park and wildlife management area boundaries; changing the expiration date for muskrat farm licenses; removing certain restrictions on the size of shooting preserves; prescribing violations of hunting while under the influence of alcohol or a controlled substance; providing when license must be in personal possession; allowing more than one license, except a big game license, to be issued in a license year; exempting big game licenses from certain types of license revocations; prescribing submission of annual reports for tanners, fur dealers, and taxidermists; providing a nonresident under age 16 may purchase a nonresident fishing license and take and possess fish; prescribing conditions for oath administration; eliminating certain requirements for wild animals that are gifts; allowing a person to transport more than one big game animal; eliminating certain restrictions on transporting big game animals; prohibiting a person from trespassing to retrieve wounded game after being notified; allowing a person to ship more than one fish with a permit; prescribing permission needed to take wild animals in certain areas; allowing possession of shotgun and certain shells in areas where deer may be taken; allowing persons to take raccoons with lights and firearms at night; clarifying that a small game license is not required to pursue and tree raccoons during the closed season; authorizing the commissioner to restrict the taking of pine marten and opossum; eliminating requirement for a license and seals to take beaver damaging property; prescribing when certain devices to take fish may be possessed; amending Minnesota Statutes 1986, sections 84.0894; 84.928, subdivision 7; 84.944, subdivisions 1, 2, and 3; 85.41, subdivision 2; 97A.015, subdivisions 18, 25, 43, 45, and 51; 97A.055, subdivision 1; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.085, subdivisions 5 and 7; 97A.111, subdivisions 2 and 7; 97A.121, subdivision 5; 97A.135, subdivision 1; 97A.201, subdivision 1; 97A.211, subdivisions 1 and 2; 97A.221, subdivision 1; 97A.255, subdivision 2; 97A.311, subdivision 4; 97A.315, subdivision 2; 97A.325, subdivision 1; 97A.331, subdivision 1; 97A.405, subdivision 2; 97A.415, subdivision 1; 97A.421, subdivision 1; 97A.425; 97A.445, subdivision 3; 97A.451, subdivisions 1 and 5; 97A.475, subdivision 7; 97A.481; 97A.505, subdivisions 4 and 5; 97A.535, subdivisions 3 and 4; 97A.545, subdivision 4; 97A.551, subdivision 3; 97B.001, subdivisions 3, 5, and 7; 97B.041; 97B.061; 97B.065; 97B.081, subdivision 1; 97B.601, subdivision 4; 97B.605; 97B.635; 97B.655, subdivision 2; 97B.701, subdivision 2; 97C.345, subdivisions 2 and 3; 106A.085, subdivision 1; 106A.401, subdivision 1; 106A.615, subdivision 6; 144.95, subdivision 4; and 626.861, subdivision 4; repealing Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.255, subdivision 3; 97A.505, subdivisions 1, 3, and 6; 97A.551, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84."

The motion prevailed and the amendment was adopted.

S. F. No. 385, A bill for an act relating to game and fish; clarifying and making technical changes in the game and fish laws; recodifying establishment of the wild rice management account; defining enforcement officer; defining brown trout as a game fish; defining an unloaded firearm; allowing the commissioner to use the game and fish fund for activities of the enforcement division; designating notices to be placed on state park and wildlife management area boundaries; changing the expiration date for muskrat farm licenses; removing certain restrictions on the size of shooting preserves; prescribing violations of hunting while under the influence of alcohol or a controlled substance; providing when license must be in personal possession; allowing more than one license, except a big game license, to be issued in a license year; exempting big game licenses from certain types of license revocations; prescribing submission of annual reports for tanners, fur dealers, and taxidermists; providing a nonresident under age 16 may purchase a nonresident fishing license and take and possess fish; prescribing conditions for oath administration; eliminating certain requirements for wild animals that are gifts; allowing a person to transport more than one big game animal; eliminating certain restrictions on transporting big game animals; prohibiting a person from trespassing to retrieve wounded game after being notified; allowing a person to ship more than one fish with a permit; prescribing permission needed to take wild animals in certain areas; allowing possession of shotgun and certain shells in areas where deer may be taken; allowing persons to take raccoons with lights and firearms at night; clarifying that a small game license is not required to pursue and tree raccoons during the closed season; authorizing the commissioner to restrict the taking of pine marten and opossum; eliminating requirement for a license and seals to take beaver damaging property; prescribing when certain devices to take fish may be possessed; amending Minnesota Statutes 1986, sections 84.0894; 84.928, subdivision 7; 84.944, subdivisions 1, 2, and 3; 85.41, subdivision 2; 97A.015, subdivisions 18, 25, 43, 45, and 51; 97A.055, subdivision 1; 97A.065, subdivision 2; 97A.075, subdivision 1; 97A.085, subdivisions 5 and 7; 97A.111, subdivisions 2 and 7; 97A.115, subdivision 3; 97A.121, subdivision 5; 97A.135, subdivision 1; 97A.201, subdivision 1; 97A.211, subdivisions 1 and 2; 97A.221, subdivision 1; 97A.255, subdivision 2; 97A.311, subdivision 4; 97A.315, subdivision 2; 97A.325, subdivision 1; 97A.331, subdivision 1; 97A.405, subdivision 2; 97A.415, subdivision 1; 97A.421, subdivision 1; 97A.425, subdivision 3; 97A.445, subdivision 3; 97A.451, subdivisions 1 and 5; 97A.475, subdivision 7; 97A.481; 97A.505, subdivisions 4 and 5; 97A.535, subdivisions 3 and 4; 97A.545, subdivision 4; 97A.551, subdivision 3; 97B.001, subdivisions 3, 5, and 7; 97B.041; 97B.061; 97B.065; 97B.081, subdivision 1; 97B.601, subdivision 4; 97B.605; 97B.635; 97B.655, subdivision 2; 97B.701, subdivision 2; 97C.345, subdivisions 2 and 3; 106A.085, subdivision 1; 106A.401, subdivision 1; 106A.615, subdivision 6; 144.95, subdivision 4; and 626.861,

subdivision 4; repealing Minnesota Statutes 1986, sections 97A.065, subdivision 4; 97A.255, subdivision 3; 97A.461; 97A.505, subdivisions 1, 3, and 6; 97A.551, 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. There were 117 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Pappas	Skoglund
Battaglia	Hartle	Long	Pauly	Solberg
Bauerly	Haukoos	Marsh	Pelowski	Sparby
Beard	Heap	McDonald	Peterson	Steensma
Begich	Himle	McEachern	Poppenhagen	Sviggum
Bennett	Hugoson	McKasy	Price	Swenson
Bertram	Jacobs	McPherson	Quinn	Thiede
Bishop	Jaros	Miller	Quist	Tjornhom
Blatz	Jefferson	Minne	Redalen	Tompkins
Boo	Jennings	Morrison	Reding	Trimble
Brown	Jensen	Munger	Rest	Tunheim
Burger	Johnson, A.	Murphy	Rice	Uphus
Carison, L.	Johnson, R.	Nelson, C.	Richter	Valento
Carruthers	Johnson, V.	Nelson, D.	Riveness	Vanasek
Clark	Kahn	Neuenschwander	Rodosovich	Voss
Clausnitzer	Kalis	O'Connor	Rose	Wagenius
Cooper	Kelly	Ogren	Rukavina	Waltman
Dauner	Kelso	Olsen, S.	Sarna	Welle
DeBlieck	Kinkel	Olson, E.	Schafer	Wenzel
Dille	Knickerbocker	Olson, K.	Schoenfeld	Winter
Dorn	Knuth	Onnen	Seaberg	Spk. Norton
Frederick	Kostohryz	Orenstein	Segal	
Frerichs	Krueger	Otis	Shaver	
Gruenes	Larsen	Ozment	Simoneau	

Those who voted in the negative were:

Anderson, R.	Kludt	Nelson, K.	Scheid
Forsythe	Lasley	Omann	Stanius
Greenfield	Milbert	Osthoff	Wynia

The bill was passed, as amended, and its title agreed to.

H. F. No. 1302, A bill for an act relating to Itasca county; permitting the county to levy a tax for economic development.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Marsh	Pappas	Sparby
Anderson, R.	Hartle	McDonald	Pauly	Stanius
Battaglia	Haukoos	McKasy	Pelowski	Steensma
Bauerly	Heap	McLaughlin	Peterson	Sviggum
Beard	Himle	McPherson	Price	Swenson
Begich	Hugoson	Milbert	Quinn	Thiede
Bennett	Jacobs	Minne	Quist	Tompkins
Bertram	Jaros	Morrison	Redalen	Trimble
Blatz	Jefferson	Munger	Reding	Tunheim
Boo	Jennings	Murphy	Rest	Uphus
Brown	Jensen	Nelson, C.	Rice	Valento
Burger	Johnson, A.	Nelson, D.	Riveness	Vanasek
Carlson, L.	Johnson, R.	Nelson, K.	Rodosovich	Vellenga
Carruthers	Johnson, V.	Neuenschwander	Rose	Voss
Clark	Kalis	O'Connor	Rukavina	Wagenius
Cooper	Kelly	Ogren	Sarna	Waltman
Dauner	Kinkel	Olsen, S.	Schafer	Welle
DeBlicek	Kludt	Olsen, E.	Scheid	Wenzel
Dille	Knickerbocker	Olson, K.	Schoenfeld	Winter
Dorn	Knuth	Omann	Seaberg	Wynia
Forsythe	Kostohryz	Onnen	Segal	Spk. Norton
Frederick	Krueger	Orenstein	Shaver	
Frerichs	Larsen	Osthoff	Simoneau	
Greenfield	Lieder	Otis	Skoglund	
Gruenes	Long	Ozment	Solberg	

Those who voted in the negative were:

Clausnitzer	McEachern	Poppenhagen	Tjornhom
Lasley	Miller	Richter	

The bill was passed and its title agreed to.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Riveness moved that the name of Olsen, S., be added as an author on H. F. No. 574. The motion prevailed.

Schafer moved that his name be stricken as an author on H. F. No. 753. The motion prevailed.

Simoneau moved that the name of Johnson, R., be added as an author on H. F. No. 944. The motion prevailed.

Reding moved that the names of Simoneau, Knickerbocker and Clark be added as authors on H. F. No. 1096. The motion prevailed.

Greenfield moved that S. F. No. 593, now on Special Orders, be returned to General Orders. The motion prevailed.



Pappas moved that the name of Anderson, G., be added as chief author on H. F. No. 1315. The motion prevailed.

Gutknecht moved that H. F. No. 1092 be returned to its author. The motion prevailed.

Gutknecht moved that H. F. No. 1490 be returned to its author. The motion prevailed.

Pappas, Trimble, Rukavina, Swenson and Segal introduced:

House Resolution No. 44, A House resolution proclaiming Sunday, May 17, as Ethnic American Day in the State of Minnesota.

The resolution was referred to the Committee on Rules and Legislative Administration.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 854:

Orenstein, Kelly and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 89:

Schoenfeld, Sparby, Steensma, Dille and Olson, E.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 94:

Bauerly, Bertram and Omann.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1515:

Carlson, L.; Price; Orenstein; Rose and Dorn.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1516:

Rice, Lieder, Sarna, Kalis and Seaberg.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 674:

Blatz, Kelly and Swenson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 282:

Nelson, K.; McLaughlin; Kalis; Segal and Olsen, S.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 80:

McLaughlin, Quinn and Milbert.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 243:

Wynia; Greenfield; Rodosovich; Anderson, R., and Jennings.

#### PROTEST AND DISSENT

Pursuant to Article IV, Section 11, of the Minnesota Constitution, we the undersigned members register our protest and dissent regarding the actions of Speaker of the House Fred Norton who removed two Tax Committee members, Rep. Linda Scheid, DFL-Brooklyn Park, and Rep. Tom Osthoff, DFL-St. Paul, because they did not vote for the DFL Tax Bill on the House floor April 29, 1987.

Speaker Norton cuts at the very heart of Democracy in punishing two veteran Tax Committee members for voting on behalf of their constituents and not supporting the DFL Tax Bill. The people of Districts 66A and 47A, like people in every District, have the right to be represented in the House of Representatives. And in turn, Rep. Osthoff and Rep. Scheid have a sworn duty to uphold in casting votes in the best interest of the people they serve.

Reps. Osthoff and Scheid felt the DFL Tax Bill would hurt their constituents so they upheld their oath of office and voted no. Speaker Norton contends DFL Tax Committee members are obliged to vote for majority party tax bills on the House floor and that obligation is a long-standing committee tradition, therefore Osthoff and Scheid deserve punishment. We the undersigned disagree and suggest Speaker Norton is the guilty party for flagrantly disregarding fundamental provisions of the Minnesota Constitution by attempting to stifle the thoughts and expressions of two representatives who seek to effectively serve the people of their districts.

Furthermore, Speaker Norton clearly did not have the best interest of Minnesotans in mind when he ousted Reps. Osthoff and Scheid from the Tax Committee. The two knowledgeable, veteran panel members served this state well and should be rewarded for their actions instead of disciplined in such an abusive and dictatorial manner.

It truly is a dark day at the Capitol when the wishes and desires of one man can come between what is fair and equitable for the people of this great state. Speaker Norton's actions are unbecoming of the title he holds and he owes Minnesotans an apology.

Signed:

Bill Schreiber  
 Paul Thiede  
 Dale Clausnitzer  
 Craig Shaver  
 Don Valento  
 John Himle  
 Kathleen Blatz  
 Don Frerichs  
 Bob Haukoos  
 Marcus Marsh  
 Jim Heap  
 Mary Forsythe  
 Brad Stanius  
 Gene Hugoson  
 Dennis Poppenhagen  
 Marcel "Sal" Frederick  
 Chris Tjornhom  
 Howard Miller  
 Don Richter  
 Bert J. McKasy  
 Doug Swenson

Gary Schafer  
 Bob Waltman  
 Virgil Johnson  
 Sylvester Uphus  
 Sally Olsen  
 Eileen Tompkins  
 K. J. McDonald  
 Doug Carlson  
 John Rose  
 Tony Bennett  
 Tony Onnen  
 Steve Sviggum  
 Harriet McPherson  
 Terry Dempsey  
 Elton R. Redalen  
 John Burger  
 Steve Dille  
 Allen Quist  
 Gil Gutknecht  
 Dean Hartle  
 Gerald Knickerbocker

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Wednesday, May 6, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Wednesday, May 6, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTY-FIFTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 6, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Father Leroy Kremer, Christ the King Church, Browerville, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Frerichs	Krueger	Omam	Schreiber
Anderson, R.	Greenfield	Larsen	Onnen	Seaberg
Battaglia	Gruenes	Lasley	Orenstein	Segal
Bauerly	Gutknecht	Lieder	Osthoff	Shaver
Beard	Hartle	Long	Otis	Simoneau
Begich	Haukoos	Marsh	Ozment	Skoglund
Bennett	Heap	McDonald	Pappas	Solberg
Bertram	Himle	McEachern	Pauly	Sparby
Bishop	Hugoson	McKasy	Pelowski	Stanius
Blatz	Jacobs	McLaughlin	Peterson	Steensma
Boo	Jaros	McPherson	Poppenhagen	Swiggum
Brown	Jefferson	Milbert	Price	Swenson
Burger	Jennings	Miller	Quinn	Thiede
Carlson, D.	Jensen	Minne	Quist	Tjornhom
Carlson, L.	Johnson, A.	Morrison	Redalen	Tompkins
Carruthers	Johnson, R.	Munger	Rest	Trimble
Clark	Johnson, V.	Murphy	Rice	Uphus
Clausnitzer	Kahn	Nelson, C.	Richter	Valento
Cooper	Kalis	Nelson, D.	Riveness	Vanasek
Dauner	Kelly	Nelson, K.	Rodosovich	Vellenga
DeBlieck	Kelso	Neuenschwander	Rose	Wagenius
Dempsey	Kinkel	O'Connor	Rukavina	Waltman
Dille	Kludt	Ogren	Sarna	Welle
Dorn	Knickerbocker	Olsen, S.	Schafer	Wenzel
Forsythe	Knuth	Olson, E.	Scheid	Winter
Frederick	Kostohryz	Olson, K.	Schoenfeld	Wynia
				Spk. Norton

A quorum was present.

Tunheim was excused.

Reding was excused until 1:50 p.m. Voss was excused until 2:20 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Skoglund moved that further reading of the Journal be dis-

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

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1315, 401, 940 and 1026 and S. F. Nos. 802, 1160, 1261, 1323, 69, 911, 915, 1230, 1308, 292, 465, 743, 800, 446, 537, 785, 830, 343, 1081, 1084, 1097, 1184, 1204, 1268 and 1313 have been placed in the members' files.

S. F. No. 785 and H. F. No. 307, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Segal moved that the rules be so far suspended that S. F. No. 785 be substituted for H. F. No. 307 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1084 and H. F. No. 1163, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Jensen moved that S. F. No. 1084 be substituted for H. F. No. 1163 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1308 and H. F. No. 1409, 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. 1308 be substituted for H. F. No. 1409 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1268 and H. F. No. 1188, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Nelson, C., moved that the rules be so far suspended that S. F. No. 1268 be substituted for H. F. No. 1188 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1081 and H. F. No. 1278, 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. 1081 be substituted for H. F. No. 1278 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1323 and H. F. No. 1511, 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. 1323 be substituted for H. F. No. 1511 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1313 and H. F. No. 1482, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Osthoff moved that S. F. No. 1313 be substituted for H. F. No. 1482 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 911 and H. F. No. 967, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Rukavina moved that the rules be so far suspended that S. F. No. 911 be substituted for H. F. No. 967 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 915 and H. F. No. 1115, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Pappas moved that the rules be so far suspended that S. F. No. 915 be substituted for H. F. No. 1115 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1204 and H. F. No. 1561, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Carruthers moved that S. F. No. 1204 be substituted for H. F. No. 1561 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1097 and H. F. No. 1129, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Kludt moved that the rules be so far suspended that S. F. No. 1097 be substituted for H. F. No. 1129 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1261 and H. F. No. 1060, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

DeBlicck moved that S. F. No. 1261 be substituted for H. F. No. 1060 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 830 and H. F. No. 1404, 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. 830 be substituted for H. F. No. 1404 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 292 and H. F. No. 71, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Tunheim moved that the rules be so far suspended that S. F. No. 292 be substituted for H. F. No. 71 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 743 and H. F. No. 791, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Wynia moved that S. F. No. 743 be substituted for H. F. No. 791 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 800 and H. F. No. 986, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Wynia moved that S. F. No. 800 be substituted for H. F. No. 986 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 537 and H. F. No. 1165, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Nelson, D., moved that the rules be so far suspended that S. F. No. 537 be substituted for H. F. No. 1165 and that the House File be indefinitely postponed. The motion prevailed.

### SECOND READING OF SENATE BILLS

S. F. Nos. 785, 1084, 1308, 1268, 1081, 1323, 1313, 911, 915, 1204, 1097, 1261, 830, 292, 743, 800 and 537 were read for the second time.

### INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Solberg; Kinkel; Johnson, V.; Begich and Johnson, R., introduced:

H. F. No. 1648, A bill for an act relating to public employees; limiting insurance coverage of retired elected officers; amending



Minnesota Statutes 1986, section 471.61, subdivision 2a.

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

#### HOUSE ADVISORIES

The following House Advisories were introduced:

DeBlicek, Simoneau, Valento, Morrison and Ozment introduced:

H. A. No. 34, A proposal to study combining the state building code and the uniform fire code.

The advisory was referred to the Committee on Governmental Operations.

Solberg, Price, Vellenga and Dempsey introduced:

H. A. No. 35, A proposal to study the rights of accused sex abusers.

The advisory was referred to the Committee on Judiciary.

#### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce 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. 200, A bill for an act relating to abuse and neglect reporting; providing a standard for the disclosure of a reporter's name under the child abuse reporting act and the vulnerable adults reporting act; amending Minnesota Statutes 1986, sections 626.556, subdivision 11; and 626.557, subdivision 12.

The Senate has appointed as such committee:

Mses. Berglin and 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 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. 529, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the methods of administering, collecting, and enforcing taxes; changing the computation, administration, and payment of aids, credits, and refunds; imposing taxes; limiting taxing powers; transferring governmental powers and duties; allocating bonding authority; making entitlement allocations to the cities of Minneapolis and St. Paul; making technical corrections and clarifications; imposing and increasing fees, interest, and penalties; appropriating money; amending Minnesota Statutes 1986, sections 16A.15, subdivisions 1 and 6; 16A.1541; 16A.26; 16A.275; 60A.13, subdivision 1a; 60A.15, subdivision 1; 60A.199, subdivisions 1, 2, 3, 5, 7, 8, 9, 10, and 11; 60A.209, subdivisions 1 and 3; 60A.24; 60C.06, by adding a subdivision; 64B.39, subdivision 4; 67A.11, subdivision 3; 69.011, subdivisions 1 and 2; 69.021, subdivisions 1, 2, and 3; 69.54; 69.55; 79.34, subdivision 1, and by adding a subdivision; 88.49, by adding a subdivision; 121.904, subdivisions 11a and 11b; 124.195, subdivision 2; 124.2131, subdivisions 1, 2, 3, 5, 6, 7, 8, and 11; 124.38, subdivision 8; 124A.02, subdivisions 3a and 8; 124A.035, subdivision 5; 124A.08, subdivision 5; 134.33, subdivision 1; 134.34, subdivisions 1 and 2; 176.129, by adding a subdivision; 176A.08; 239.10; 270.066; 270.074, subdivision 3; 270.075, subdivision 1; 270.10, subdivisions 1 and 4; 270.11, subdivisions 1 and 2; 270.12, subdivisions 2 and 3; 270.13; 270.72, subdivisions 1 and 2; 270.77; 270.80, subdivision 2; 270.87; 270A.07, subdivision 1; 271.21, subdivision 2; 272.01, subdivisions 2 and 3; 272.02, subdivision 1, and by adding a subdivision; 272.115, subdivision 2; 273.061, subdivisions 1 and 8; 273.065; 273.11, by adding a subdivision; 273.1102; 273.1103; 273.12; 273.13, subdivision 22; 273.1312, subdivision 4; 273.1313, subdivisions 1, 2, and by adding a subdivision; 273.1314, subdivisions 8, 9, 10, and by adding a subdivision; 273.1392; 273.1393; 273.19, subdivisions 1, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 274.14; 274.16; 275.07, subdivision 1; 275.125, subdivisions 9, 9b, and 15; 275.51, subdivision 3h; 276.04; 276.11; 277.01; 278.05, subdivision 4; 279.01, subdivision 1; 282.014; 282.02; 282.33, subdivision 1; 287.05, subdivision 1; 287.09; 287.12; 287.21, subdivision 1; 287.22; 287.25; 287.29, subdivision 1; 290.01, subdivisions 4, 5, 7, 19, 20, 22, and by adding subdivisions; 290.02; 290.03; 290.032, subdivisions 1 and 2; 290.05, subdivisions 1, 2, and 3; 290.06, subdivisions 1, 2c, 2d, and by adding a subdivision; 290.068, subdivisions 1, 2, 3, 4, and 5; 290.069, subdivisions 2a and 4b; 290.077, subdivision 1; 290.081; 290.091, subdivisions 1, 2, and 3; 290.095, subdivisions 1, 2, 3, 4, 7, 9, and 11; 290.12, subdivision 2; 290.131, subdivision 1; 290.132, subdivision 1; 290.133, subdivision 1; 290.134, subdivision 1;

290.135, subdivision 1; 290.136, subdivision 1; 290.138, subdivision 3; 290.14; 290.17; 290.171; 290.20, subdivision 1, and by adding a subdivision; 290.21, subdivisions 3 and 4; 290.23, subdivisions 3 and 5; 290.31, subdivisions 2, 3, 5, and by adding a subdivision; 290.34, subdivision 2; 290.35; 290.36; 290.37, subdivisions 1 and 3; 290.38; 290.39, subdivision 3; 290.41; subdivisions 2 and 3; 290.42; 290.45, subdivisions 1 and 2; 290.46; 290.48, subdivision 10; 290.491; 290.50, subdivision 1; 290.53, subdivisions 1, 2, 3a, 4, and by adding subdivisions; 290.56, subdivisions 2, 3, and 4; 290.92, subdivisions 2a, 4a, 5, 5a, 6, 7, 9, 11, 12, 13, 14, 15, 18, 24, and 25; 290.93, subdivision 10; 290.934, subdivision 2; 290.9725; 290.9726, subdivisions 1, 2, and 4; 290.974; 290A.03, subdivisions 3, 8, and by adding a subdivision; 290A.04, subdivision 2; 290A.06; 290A.011, subdivision 2; 290A.18; 290A.19; 291.131, subdivisions 1, 2, 4, and by adding a subdivision; 295.01, subdivision 10; 295.32; 295.34, subdivision 1; 295.39; 295.40; 295.41; 295.43; 296.02, subdivision 2, and by adding a subdivision; 296.025, subdivision 2, and by adding a subdivision; 296.17, subdivisions 3, 7, and 11; 296.18, subdivision 7; 297.01, subdivisions 2, 4, 7, and 10; 297.02, subdivisions 1 and 6; 297.03, subdivisions 1, 5, and 6; 297.04, subdivisions 4, 6, and 9; 297.07, subdivisions 1, 3, 4, and 5; 297.11, subdivisions 3 and 5; 297.23, subdivision 1; 297.31, subdivisions 2, 3, and 7; 297.32, subdivisions 1, 2, and 8; 297.33, subdivisions 4 and 5; 297.35, subdivisions 1, 3, 5, and 8; 297.36; 297A.01, subdivisions 3, 4, 8, and 15; 297A.14; 297A.151; 297A.18; 297A.211, subdivision 2; 297A.25, subdivisions 7, 11, 12, and by adding subdivisions; 297A.256; 297A.26, subdivision 1; 297A.27, subdivision 1; 297A.275; 297A.39, subdivisions 1, 2, 4, and by adding a subdivision; 297A.43; 297B.01, subdivision 8; 297B.10; 297C.03, subdivision 1, and by adding a subdivision; 297C.04; 297C.05, subdivision 2; 297C.06; 297C.09; 297D.02; 297D.07; 297D.09; 297D.10; 297D.12, subdivision 1; 297D.13; 298.01, subdivision 1, and by adding subdivisions; 298.026; 298.027; 298.028, subdivision 1; 298.03, subdivision 1; 298.031, subdivision 2; 298.08; 298.09, subdivision 1; 298.25; 298.28, subdivision 4; 299E.21, subdivisions 1, 2, and by adding subdivisions; 325D.30; 325D.32, subdivisions 4, 10, 11, and 12; 325D.33, subdivisions 1, 2, and by adding subdivisions; 325D.38, subdivision 1; 325D.40, subdivision 1; 349.12, subdivisions 11 and 13; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4, 6, 7, and by adding subdivisions; 360.531, subdivision 2; 462C.11, subdivisions 2 and 3; 473.556, subdivision 4; 473F.02, subdivision 12; 474A.02, subdivisions 1, 2, 3, 6, 7, 8, 12, 14, 16, 18, 19, 21, 26, and by adding subdivisions; 474A.03, subdivision 1, and by adding a subdivision; 474A.04, subdivisions 5, 6, and by adding a subdivision; 474A.13, subdivisions 1, 4, and 5; 474A.14; 474A.15; 474A.16; 474A.17; 474A.18; 474A.20; 474A.21; 475.53, subdivision 4; 477A.012, subdivision 1; 477A.013; 477A.018, subdivisions 1, 2, 3, 6, and by adding a subdivision; Laws 1985, First Special Session chapter 14, article 3, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 239; 270; 272; 273; 276; 290; 290A; 294; 297; 297A; 297C; 298; 349; 429; and 474A; repealing Minnesota Statutes 1986, sections 60A.15, subdivision 2; 61A.49; 62E.13, subdivision 9;

64B.24; 69.021, subdivision 3a; 124.38, subdivision 10; 270.75, subdivision 8; 270.89; 282.021; 290.01, subdivisions 20a, 20b, 20d, 20f, 21, and 24; 290.013; 290.06, subdivisions 3f, 3g, and 11; 290.068, subdivision 6; 290.069, subdivisions 1, 2, 3, 5, 6, and 7; 290.07, subdivision 5; 290.071; 290.073; 290.075; 290.077, subdivision 3; 290.079; 290.08; 290.082; 290.085; 290.088; 290.089; 290.09; 290.095, subdivisions 8 and 10; 290.12, subdivision 4; 290.13; 290.139; 290.15; 290.16; 290.165; 290.175; 290.18; 290.19; 290.21, subdivisions 5, 6, and 8; 290.26, subdivision 2; 290.361; 290.9726, subdivisions 3, 5, and 6; 290A.04, subdivisions 2e and 2g; 294.21; 294.22; 294.23; 294.24; 294.25; 294.26; 295.32; 295.33; 295.34; 295.36; 295.365; 295.366; 296.04, subdivisions 1, 2, 3, and 4; 296.05; 296.07; 296.13; 296.17, subdivision 12; 296.18, subdivisions 4, 5, 6, and 7; 296.22; 296.28; 297.07, subdivision 6; 297.23, subdivision 5; 297.35, subdivisions 4, 6, and 7; 297A.25, subdivisions 13 and 19; 297A.26, subdivision 3; 297C.03, subdivisions 2 and 3; 297C.05, subdivision 4; 298.01, subdivision 1; 298.02; 298.026; 298.027; 298.028; 298.03; 298.031; 298.04; 298.28, subdivision 14; 298.40; 298.51; 298.52; 298.53; 298.54; 298.55; 298.61; 298.62; 298.63; 298.64; 298.65; 298.66; 298.67; 299.01; 299.012; 299.013; 299.02; 299.03; 299.04; 299.05; 299.06; 299.07; 299.08; 299.09; 299.10; 299.11; 299.12; 299.13; 299.14; 325D.41; 360.654; 474A.02, subdivisions 5, 9, 10, 11, 13, 15, 17, 20, 22, 23, 24, 25, 27, 28, and 29; 474A.03, subdivisions 2 and 3; 474A.04, subdivisions 1, 2, 3, and 4; 474A.05; 474A.06; 474A.07; 474A.08; 474A.09; 474A.10; 474A.11; 474A.12; 474A.13, subdivisions 2 and 3; and 474A.19; Laws 1981, chapters 222, section 6; 223, section 6, subdivision 3; Laws 1985, First Special Session chapter 14, article 14, section 3; Laws 1986, First Special Session chapter 1, article 5, section 8.

The Senate has appointed as such committee:

Messrs. Johnson, D. J.; Stumpf; Novak; Brandl and Pogemiller.

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. 1193, A bill for an act relating to independent school district No. 206, Alexandria; providing for elections of the school board.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Nelson, C., moved that the House concur in the Senate amendments to H. F. No. 1193 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1193, A bill for an act relating to independent school district No. 206, Alexandria; providing for elections of the school 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Larsen	Omann	Seaberg
Anderson, R.	Gutknecht	Lasley	Onnen	Segal
Battaglia	Hartle	Lieder	Orenstein	Shaver
Bauerly	Haukoos	Long	Otis	Simoneau
Beard	Heap	Marsh	Ozment	Skoglund
Begich	Himle	McDonald	Pappas	Solberg
Bennett	Hugoson	McEachern	Pauly	Sparby
Bertram	Jacobs	McKasy	Pelowski	Stanius
Bishop	Jaros	McLaughlin	Peterson	Steenasma
Blatz	Jefferson	McPherson	Poppenhagen	Sviggum
Brown	Jennings	Milbert	Price	Swenson
Burger	Jensen	Miller	Quinn	Thiede
Carlson, L.	Johnson, A.	Minne	Quist	Tjornhom
Carruthers	Johnson, R.	Morrison	Redalen	Tompkins
Clark	Johnson, V.	Munger	Rest	Trimble
Cooper	Kahn	Murphy	Rice	Uphus
Dauner	Kalis	Nelson, C.	Richter	Valento
DeBleeck	Kelly	Nelson, D.	Riveness	Vanasek
Dempsey	Kelso	Nelson, K.	Rodosovich	Vellenga
Dille	Kinkel	Neuenschwander	Rukavina	Wagenius
Dorn	Kludt	O'Connor	Sarna	Waltman
Forsythe	Knickerbocker	Ogren	Schafer	Welle
Frederick	Knuth	Olsen, S.	Scheid	Wenzel
Frerichs	Kostohryz	Olson, E.	Schoenfeld	Winter
Greenfield	Krueger	Olson, K.	Schreiber	Wynia
				Spk. Norton

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. 283, A bill for an act relating to elections; requiring confidentiality of certain matters before the ethical practices board;

raising certain campaign contribution disclosure limits; changing the method of calculating certain campaign expenditure limits; amending Minnesota Statutes 1986, sections 10A.02, subdivision 11; 10A.12, subdivision 5; 10A.20, subdivisions 3 and 5; 10A.25, subdivisions 2 and 7; 10A.255; and Laws 1980, chapter 362, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 210A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Johnson, A., moved that the House refuse to concur in the Senate amendments to H. F. No. 283; that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 184:

S. F. No. 184, A bill for an act relating to utilities; trade practices; restricting use and connection of automatic dialing-announcing devices to telephone lines; proposing coding for new law in Minnesota Statutes, chapter 325E.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Spear, Dahl and Belanger.

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

Quinn 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. 184. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 321, 1012 and 51.

PATRICK E. FLAHAVER, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 321, A bill for an act relating to public safety; expanding the crimes of driving a motor vehicle or a motorboat while under the influence of alcohol or certain substances; amending Minnesota Statutes 1986, sections 169.121, subdivisions 1 and 2; and 361.12, subdivisions 1 and 4.

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

S. F. No. 1012, A bill for an act relating to education; requiring notice and a hearing for nonrenewal of an athletic coach's contract; requiring grievance procedures for discharge of an athletic coach during the contract period; amending Minnesota Statutes 1986, section 125.121.

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

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; regulating hospice programs; appropriating money; amending Minnesota Statutes 1986, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53; 144A.54, subdivision 1; 256B.04, by adding a subdivision; 364.09; and 626.557, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144A.

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

Vanasek 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.

**CONSIDERATION UNDER RULE 1.10**

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. No. 1315.

The Speaker called Simoneau to the Chair.

H. F. No. 1315 was reported to the House.

Kahn moved to amend H. F. No. 1315, the third engrossment, as follows:

Page 2, line 35, delete "927,546,000" and insert "931,213,100"

Page 2, line 36, delete "124,379,100" and insert "124,774,100"

Page 2, line 38, delete "13,256,300" and insert "13,541,055"

Page 2, line 40, delete "22,856,500" and insert "22,874,800"

Page 7, line 30, delete "2,049,500" and insert "2,057,500"

Page 7, line 42, delete "729,800" and insert "730,600"

Page 8, line 44, delete "130" and insert "123.5"

Page 12, line 6, delete "their" and insert "this"

Page 14, line 9, delete "in the following subdivisions" and insert "below"

Page 20, line 19, delete "date" and insert "data"

Page 20, line 21, delete "the first year"

Page 20, line 24, delete "Loon and"

Page 20, line 25, delete "Lakes" and insert "Lake"



Page 22, delete line 10 and insert "\$1,698,000 the first year and \$1,748,000"

Page 24, line 45, delete "\$4,294,200" and insert "\$4,283,600"; delete "\$4,435,900" and insert "\$4,425,300"

Page 25, line 2, delete "55,600" twice and insert "45,000" twice

Page 27, line 2, delete "494" and insert "499"; delete "495" and insert "500"

Page 27, after line 4, insert:

"Public Health-                    5        5"

Page 27, line 15, delete "2,906,900" and insert "2,688,900"; delete "2,651,900" and insert "2,433,900"

Page 27, after line 15, insert:

"Public Health                    \$218,000        \$218,000"

Page 28, line 10, delete "436,900" and insert "360,800"; delete "436,500" and insert "360,400"

Page 28, after line 10, insert:

"Public Health                    \$ 76,100        \$ 76,100"

Page 28, line 29, delete "1,120,200" and insert "988,300"; delete "1,083,600" and insert "988,300"

Page 28, after line 29, insert:

"Public Health                    \$131,900        \$131,900"

Page 30, line 26, delete "2,595,900" and insert "1,759,200"; delete "2,669,100" and insert "1,832,400"

Page 30, line 28, delete "1,902,000" and insert "1,065,300"; delete "1,975,200" and insert "1,138,500"

Page 30, line 36, delete "567,700" and insert "533,700"; delete "567,700" and insert "533,700"

Page 30, after line 36, insert:

"Public Health                    \$ 10,000        \$ 10,000"

Building           \$ 24,000     \$ 24,000"

Page 36, line 24, delete "single family"

Page 36, line 32, delete "subdivision" and insert "subdivisions"

Page 36, line 33, before the period insert "and 15"

Page 37, delete line 15 and insert "\$377,000 the first year and \$377,000"

Page 37, line 29, insert "\$22,000" in the two blank spaces

Page 49, line 30, delete "234,000" and insert "234,100"

Page 86, after line 30, insert:

"Sec. 79. Minnesota Statutes 1986, section 84.0272, is amended to read:

84.0272 [PROCEDURE IN ACQUIRING LANDS.]

When the commissioner of natural resources is authorized to acquire lands or interests in lands the procedure set forth in this section shall apply. The commissioner of natural resources shall first prepare a fact sheet showing the lands to be acquired, the legal authority for their acquisition, and the qualities of the land that make it a desirable acquisition. The commissioner of natural resources shall cause the lands to be appraised. An appraiser shall before entering upon the duties of office take and subscribe an oath to faithfully and impartially discharge the duties as appraiser according to the best of the appraiser's ability and that the appraiser is not interested, directly or indirectly in any of the lands to be appraised or the timber or improvements thereon or in the sale thereof and has entered into no agreement or combination to purchase the same or any part thereof, which oath shall be attached to the report of the appraisal. The commissioner of natural resources shall not agree to pay more than ~~ten percent~~ ~~above~~ the appraised value. New appraisals may be made at the discretion of the commissioner of natural resources."

Renumber the subsequent sections

Page 145, line 25, delete "VERY"

Page 145, line 27, delete "very"

Page 146, line 11, delete "very"

Page 146, line 28, delete "[480.231]" and insert "[480.236]"

Page 148, line 9, delete "480.235" and insert "480.236"

Page 148, line 13, delete "480.235" and insert "480.236"

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kahn amendment and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Orenstein	Shaver
Battaglia	Gutknecht	Lieder	Osthoff	Simoneau
Bauerly	Hartle	Long	Otis	Skoglund
Beard	Haukoos	Marsh	Ozment	Solberg
Begich	Heap	McDonald	Pappas	Sparby
Bennett	Himle	McEachern	Pauly	Stanius
Bertram	Hugoson	McKasy	Pelowski	Steensma
Bishop	Jacobs	McLaughlin	Peterson	Sviggum
Blatz	Jaros	McPherson	Poppenhagen	Swenson
Boo	Jefferson	Milbert	Price	Tjornhom
Brown	Jennings	Miller	Quinn	Tompkins
Burger	Jensen	Minne	Redalen	Trimble
Carlson, D.	Johnson, A.	Morrison	Reding	Uphus
Carlson, L.	Johnson, R.	Munger	Rest	Valento
Carruthers	Johnson, V.	Murphy	Rice	Vanasek
Clausnitzer	Kahn	Nelson, C.	Richter	Vellenga
Cooper	Kalis	Nelson, D.	Riveness	Wagenius
Dauner	Kelly	Nelson, K.	Rodosovich	Waltman
DeBlieck	Kelso	Neuenschwander	Rose	Welle
Dempsey	Kinkel	O'Connor	Rukavina	Wenzel
Dille	Kludt	Ogren	Sarna	Winter
Dorn	Knickerbocker	Olsen, S.	Scheid	Wynia
Forsythe	Knuth	Olsen, E.	Schoenfeld	Spk. Norton
Frederick	Kostohryz	Olson, K.	Schreiber	
Frerichs	Krueger	Omann	Seaberg	
Greenfield	Larsen	Onnen	Segal	

The motion prevailed and the amendment was adopted.

#### CALL OF THE HOUSE

On the motion of Kahn and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Carlson, L.	Gruenes	Johnson, V.	Long
Battaglia	Carruthers	Gutknecht	Kalis	Marsh
Bauerly	Clark	Hartle	Kelly	McDonald
Beard	Clausnitzer	Haukoos	Kelso	McEachern
Begich	Cooper	Heap	Kinkel	McKasy
Bennett	Dauner	Himle	Kludt	McLaughlin
Bertram	DeBlieck	Hugoson	Knickerbocker	Milbert
Bishop	Dempsey	Jacobs	Knuth	Miller
Blatz	Dille	Jaros	Kostohryz	Morrison
Boo	Dorn	Jefferson	Krueger	Munger
Brown	Forsythe	Jennings	Larsen	Murphy
Burger	Frederick	Jensen	Lasley	Nelson, D.
Carlson, D.	Frerichs	Johnson, R.	Lieder	Neuenschwander

O'Connor	Pappas	Riveness	Simoneau	Trimble
Ogren	Pauly	Rodosovich	Skoglund	Uphus
Olsen, S.	Pelowski	Rose	Solberg	Valento
Olson, E.	Peterson	Rukavina	Sparby	Vellenga
Olson, K.	Poppenhagen	Sarna	Stanius	Voss
Omamn	Quinn	Schafer	Steensma	Wagenius
Onnen	Quist	Scheid	Sviggun	Waltman
Orenstein	Redalen	Schoenfeld	Swenson	Wenzel
Osthoff	Reding	Seaberg	Thiede	Winter
Otis	Rest	Segal	Tjornhom	Spk. Norton
Ozment	Richter	Shaver	Tompkins	

Anderson, G., 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.

Begich moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 50, line 52, delete "\$74,300" and insert "\$1,237,900"

Page 50, line 54, delete "\$24,600" and insert "\$1,188,200"

Amend the appropriation totals accordingly

A roll call was requested and properly seconded.

The question was taken on the Begich amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 38 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Bauerly	Gruenes	Marsh	Ogren	Rukavina
Beard	Heap	McEachern	Olsen, S.	Sarna
Begich	Jacobs	McKasy	Orenstein	Scheid
Carlson, L.	Jaros	Milbert	Osthoff	Trimble
Carruthers	Jefferson	Minne	Peterson	Valento
Clark	Johnson, A.	Murphy	Price	Winter
Cooper	Kludt	Nelson, C.	Quinn	
Dempsey	Kostohryz	O'Connor	Riveness	

Those who voted in the negative were:

Anderson, G.	Burger	Frederick	Jensen	Krueger
Battaglia	Carlson, D.	Frerichs	Johnson, R.	Larsen
Bennett	Clausnitzer	Greenfield	Johnson, V.	Lasley
Bertram	Dauner	Gutknecht	Kahn	Lieder
Bishop	DeBlicek	Hartle	Kelly	Long
Blatz	Dille	Himle	Kinkel	McDonald
Boo	Dorn	Hugoson	Knickerbocker	McLaughlin
Brown	Forsythe	Jennings	Knuth	Miller

Morrison	Ozment	Richter	Skoglund	Uphus
Nelson, D.	Pappas	Rodosovich	Solberg	Vanasek
Nelson, K.	Pauly	Rose	Stanis	Vellenga
Neuenschwander	Pelowski	Schafer	Steensma	Wagenius
Olson, E.	Poppenhagen	Schreiber	Sviggum	Waltman
Olson, K.	Quist	Seaberg	Swenson	Welle
Omann	Redalen	Segal	Thiede	Wenzel
Onnen	Reding	Shaver	Tjornhom	Spk. Norton
Otis	Rest	Simoneau	Tompkins	

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

Begich moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 104, delete section 114.

Page 105, line 9, restore the stricken language and delete the new language

Page 105, line 11, restore the stricken "\$10.50" and delete the new language

Page 105, line 12, restore the stricken language and delete "\$12"

Pages 105 and 106, delete section 118

Page 106, delete section 120

Pages 106 and 107, delete sections 122 and 123

Page 107, line 14, delete "\$1" and insert "75 cents"

Renumber the sections in order

Correct the internal references

Amend the title as follows:

Page 1, lines 33 and 34, delete "2, 3, 6, 7, 8, 9, 11, 12, 13, and 20" and insert "3, 6, 7, 9, and 12"

A roll call was requested and properly seconded.

The question was taken on the Begich amendment and the roll was called.

Schreiber moved that those not voting be excused from voting. The motion did not prevail.

Schreiber moved that those not voting be excused from voting. The motion did not prevail.

Vanasek 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:

Bauerly	Forsythe	Kelso	Onnen	Seaberg
Beard	Frederick	Kinkel	Osthoff	Shaver
Begich	Frerichs	Kludt	Pauly	Stanius
Bennett	Gruenes	Knickerbocker	Pelowski	Steensma
Bertram	Gutknecht	Marsh	Peterson	Sviggson
Bishop	Hartle	McDonald	Poppenhagen	Swenson
Blatz	Haukoos	McKasy	Quist	Thiede
Boo	Heap	McPherson	Redalen	Tjornhom
Burger	Himle	Miller	Richter	Tompkins
Clausnitzer	Hugoson	Morrison	Rose	Uphus
Dauner	Jensen	O'Connor	Schafer	Valento
Dempsey	Johnson, V.	Olsen, S.	Scheid	Waltman
Dille	Kalis	Omann	Schreiber	Winter

Those who voted in the negative were:

Anderson, G.	Jefferson	McLaughlin	Ozment	Solberg
Anderson, R.	Jennings	Milbert	Pappas	Sparby
Battaglia	Johnson, A.	Minne	Price	Trimble
Brown	Johnson, R.	Munger	Quinn	Vanasek
Carlson, D.	Kahn	Murphy	Reding	Vellenga
Carlson, L.	Kelly	Nelson, C.	Rest	Voss
Carruthers	Knuth	Nelson, D.	Riveness	Wagenius
Clark	Kostohryz	Nelson, K.	Rodosovich	Welle
Cooper	Krueger	Neuenschwander	Rukavina	Wenzel
DeBlicek	Larsen	Ogren	Sarna	Wynia
Dorn	Lasley	Olson, E.	Schoenfeld	Spk. Norton
Greenfield	Lieder	Olson, K.	Segal	
Jacobs	Long	Orenstein	Simoneau	
Jaros	McEachern	Otis	Skoglund	

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

Osthoff moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 48, line 16, after the period insert:

“Subd.12. Appropriations Adjustment

The commissioner of finance, upon recommendation of the legislative commission on Minnesota resources, shall adjust the appropriations for the projects funded by this section by \$12,376,700 by August 1, 1987. The reduction shall be transferred to the general fund and be used for the salary supplement in section 41 in fiscal year 1989.”

Renumber subsequent subdivisions

Page 55, line 24, delete the second "18,260,000" and insert "36,520,400"

Page 55, line 42, delete the second "12,376,700" and insert "24,753,400"

Page 55, line 50, delete the second "568,500" and insert "1,137,000"

Page 55, line 52, delete the second "5,170,000" and insert "10,340,000"

Page 55, line 54, delete the second "145,000" and insert "290,000"

A roll call was requested and properly seconded.

The question was taken on the Osthoff amendment and the roll was called.

Otis moved that those not voting be excused from voting. The motion prevailed.

There were 23 yeas and 108 nays as follows:

Those who voted in the affirmative were:

Boo	Knickerbocker	Olsen, S.	Schafer	Tjornhom
Brown	McEachern	Onnen	Scheid	Welle
Cooper	McKasy	Osthoff	Steensma	Winter
Frederick	Morrison	Poppenhagen	Sviggum	
Heap	O'Connor	Quist	Swenson	

Those who voted in the negative were:

Anderson, G.	Frerichs	Knuth	Olson, K.	Seaberg
Anderson, R.	Greenfield	Kostohryz	Omann	Segal
Battaglia	Gruenes	Krueger	Orenstein	Shaver
Bauerly	Gutknecht	Larsen	Otis	Simoneau
Beard	Hartle	Lasley	Ozment	Skoglund
Begich	Haukoos	Lieder	Pappas	Solberg
Bennett	Himle	Long	Pauly	Sparby
Bertram	Hugoson	Marsh	Pelowski	Stanius
Bishop	Jacobs	McDonald	Peterson	Thiede
Blatz	Jaros	McLaughlin	Price	Tompkins
Burger	Jefferson	McPherson	Quinn	Uphus
Carlson, D.	Jennings	Milbert	Redalen	Valento
Carlson, L.	Jensen	Miller	Reding	Vanasek
Carruthers	Johnson, A.	Minne	Rest	Vellenga
Clark	Johnson, R.	Munger	Rice	Voss
Clausnitzer	Johnson, V.	Murphy	Richter	Wagenius
Dauner	Kahn	Nelson, C.	Rodosovich	Waltman
DeBlick	Kalis	Nelson, D.	Rose	Wenzel
Dempsey	Kelly	Nelson, K.	Rukavina	Wynia
Dille	Kelso	Neuenschwander	Sarna	Spk. Norton
Dorn	Kinkel	Ogren	Schoenfeld	
Forsythe	Kludt	Olson, E.	Schreiber	

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

The Speaker resumed the Chair.

Olson, E., moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 89, after line 1, insert:

"Sec. 85. Laws 1985, chapter 81, section 2, is amended to read:

Sec. 2. Laws 1980, chapter 489, section 1, subdivision 4, is amended to read:

[85.012] [Subd. 29.] Subd. 4. ITASCA STATE PARK.

The following areas are added to Itasca State Park: (a) The South Half of the Northeast Quarter of Section 34, Township 144 North, Range 36 West.

(b) The Southeast Quarter of the Southeast Quarter of Section 32; the South Half of the Southwest Quarter, the Southwest Quarter of Southeast Quarter, and the East Half of Southeast Quarter of Section 33; the Southwest Quarter of Section 34; all in Township 144 North, Range 36 West.

(c) Notwithstanding section 85.012, subdivision 1, land that is added to Itasca State Park by paragraph (b), that is tax-forfeited land and under the custody, control, and supervision of the Clearwater county board on the effective date of this act, shall remain under the custody, control, and supervision of the county board until state lands of equal value are transferred to Clearwater county.

~~Notwithstanding any contrary provision~~ The department of natural resources is required to maintain the forestry and fire department in the Itasca Park complex at its present location."

Re-number the sections in sequence

Correct internal references accordingly

Amend the title accordingly

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



Kelly moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 149, delete sections 183 and 184

Page 150, delete section 185

Page 151, delete section 187

Renumber remaining sections

The motion prevailed and the amendment was adopted.

McLaughlin, Jefferson and Clark moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 10, delete lines 1 to 18 and insert:

“Notwithstanding any other law to the contrary, the commissioner of finance shall not abolish the department of human rights. On July 1, 1987, the commissioner of finance shall reduce the appropriations provided to the attorney general by \$1,992,200 the first year and \$1,986,100 the second year concurrent with the transfer of these funds to the appropriation provided to the department of human rights in section 49. The commissioner of finance shall transfer 54 positions from the authorized complement of the attorney general to the department of human rights.”

Page 58, after line 53, insert a new section to read:

“Sec. 49. DEPARTMENT OF HUMAN RIGHTS

Appropriation	\$337,400	\$337,200
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Approved Complement – 7”

Pages 74 to 76, delete sections 68, 69, and 70

Pages 139 to 144, delete sections 171, 172, and 173

Page 159, delete section 196

Page 160, line 3, delete “; 363.01,”

Page 160, delete line 4

Page 160, line 5, delete “363.12, subdivision 3; and 363.121”

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the McLaughlin et al amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 25 yeas and 105 nays as follows:

Those who voted in the affirmative were:

Carruthers	Jefferson	McLaughlin	Osthoff	Segal
Clark	Kelly	O'Connor	Otis	Swenson
Gruenes	Kludt	Olson, K.	Rice	Trimble
Gutknecht	Long	Onnen	Sarna	Vellenga
Jaros	Marsh	Orenstein	Seaberg	Wagenius

Those who voted in the negative were:

Anderson, G.	Dorn	Knuth	Olson, E.	Schreiber
Anderson, R.	Forsythe	Kostohryz	Omann	Shaver
Battaglia	Frederick	Krueger	Ozment	Simoneau
Bauerly	Frerichs	Larsen	Pappas	Skoglund
Beard	Greenfield	Lasley	Pauly	Solberg
Begich	Hartle	Lieder	Pelowski	Sparby
Bennett	Haukoos	McDonald	Peterson	Stanius
Bertram	Heap	McEachern	Poppenhagen	Steensma
Bishop	Himle	McKasy	Price	Sviggum
Blatz	Hugoson	McPherson	Quinn	Thiede
Boo	Jacobs	Milbert	Quist	Tjornhom
Brown	Jennings	Miller	Redalen	Tompkins
Burger	Jensen	Minne	Reding	Uphus
Carlson, D.	Johnson, A.	Morrison	Rest	Valento
Carlson, L.	Johnson, R.	Munger	Richter	Vanasek
Clausnitzer	Johnson, V.	Murphy	Rodosovich	Waltman
Cooper	Kahn	Nelson, C.	Rose	Welle
Dauner	Kalis	Nelson, D.	Rukavina	Wenzel
DeBlick	Kelso	Neuenschwander	Schafer	Winter
Dempsey	Kinkel	Ogren	Scheid	Wynia
Dille	Knickerbocker	Olsen, S.	Schoenfeld	Spk. Norton

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

Bishop moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 149, delete section 181

The motion prevailed and the amendment was adopted.

Kelly moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 155, line 31, after "means" insert "victim witness programs within county attorney offices or"

The motion prevailed and the amendment was adopted.

Bishop moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 148, lines 14 to 36 and page 149, lines 1 to 3, delete section 180 from the bill

A roll call was requested and properly seconded.

The question was taken on the Bishop amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 51 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Ferichs	McDonald	Pelowski	Thiede
Bishop	Gruenes	McKasy	Poppenhagen	Tjornhom
Blatz	Gutknecht	McPherson	Quist	Tompkins
Boo	Hartle	Milbert	Richter	Uphus
Burger	Haukoos	Morrison	Schafer	Valento
Clausnitzer	Heap	Olsen, S.	Schreiber	Waltman
Dempsey	Hugoson	Olsen, E.	Seaberg	Wenzel
Dille	Johnson, V.	Omann	Shaver	
Dorn	Knickerbocker	Onnen	Stanisus	
Forsythe	Kostohryz	Osthoff	Sviggam	
Frederick	Marsh	Pauly	Swenson	

Those who voted in the negative were:

Anderson, G.	Jacobs	Lasley	Olson, K.	Schoenfeld
Anderson, R.	Jefferson	Lieder	Orenstein	Segal
Battaglia	Jennings	Long	Otis	Simoneau
Bauerly	Jensen	McEachern	Ozment	Skoglund
Beard	Johnson, A.	McLaughlin	Pappas	Solberg
Bertram	Johnson, R.	Miller	Peterson	Sparby
Brown	Kahn	Minne	Price	Steensma
Carlson, D.	Kalis	Munger	Quinn	Trimble
Carlson, L.	Kelly	Murphy	Reding	Vanasek
Carruthers	Kelso	Nelson, C.	Rest	Vellenga
Clark	Kinkel	Nelson, D.	Rice	Voss
Cooper	Kludt	Nelson, K.	Riveness	Wagenius
Dauner	Knuth	Neuenschwander	Rodosovich	Welle
DeBlicck	Krueger	O'Connor	Rukavina	Winter
Greenfield	Larsen	Ogren	Sarna	Wynia
				Spk. Norton

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

Bishop moved to amend H. F. No. 1315, the third engrossment, as amended, as follows:

Page 65, lines 8 to 25, delete section 56

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

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

H. F. No. 1315, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; providing for a study of the Minnesota veterans' home; providing for information systems management; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; amending Minnesota Statutes 1986, sections 2.722, subdivision 1; 3.099, subdivision 3; 3.30, subdivision 2; 3.85, subdivision 12; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.07, subdivisions 1 and 2; 14.08; 14.47, subdivision 8; 15.01; 15.06, subdivision 1; 15A.081, subdivision 1; 16A.127, subdivision 8; 16A.85, by adding a subdivision; 16B.20, subdivision 2; 16B.41; 16B.42, subdivision 4; 69.021, subdivision 5; 84.01, subdivision 3; 84.091, subdivision 3; 84.83, subdivision 3; 85.30; 85.41; 85.42; 85.43; 85.45; 85A.04, subdivision 1; 88.065; 88.17, subdivision 2; 88.75, subdivision 1; 88.76; 88.79, subdivision 2; 89.04; 92.46, subdivision 1; 92.67, subdivisions 1, 4, and by adding a subdivision; 93.335, subdivision 4; 97A.061, subdivision 1; 97A.065, subdivision 2; 97A.105, subdivision 1; 97A.415, subdivision 1; 97A.445, subdivision 1; 97A.451, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20; 97A.485, subdivision 6; 97C.211, by adding a subdivision; 115A.15, subdivision 6; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.49; 115A.51; 115A.52; 115A.53; 115A.917; 116.41, subdivision 2; 116J.615, by adding a subdivision; 116M.06, subdivisions 2 and 4; 116M.11, subdivision 2; 161.1419, subdivision 4; 175A.07, subdivision 2; 176.611, subdivisions 2, 6a, and by adding a subdivision; 179A.03, subdivision 17; 179A.04, subdivision 3; 179A.13; 179A.16; 179A.21; 179A.25; 197.481, subdivision 5; 204B.11, subdivision 1; 221.67; 271.01, by adding a subdivision; 273.1314, subdivision 16a; 296.16, subdivision 1; 296.421, subdivision 5; 302A.011, subdivision 11; 302A.153; 303.13, subdivision 1; 303.21, subdivision 3; 317.67, subdivision 2; 322A.16; 322A.71; 330.11, subdivision 3; 333.055, subdivision 3; 363.05, subdivision 1; 363.071, subdivision 2; 363.14,

subdivision 1; 403.11, subdivision 1; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.351, by adding a subdivision; 480.241; 480A.03, subdivision 2; 480A.08, subdivision 3; 480A.09, subdivisions 1, 2, and 4; 487.21, subdivision 4; 540.152; 543.08; 609.101; 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 43A; 84; 86; 88; 89; 93; 97A; 97C; 115A; 480; 481; repealing Minnesota Statutes 1986, sections 3.9226, subdivision 8; 3C.035, subdivision 2; 3C.055; 3C.056; 3C.057; 6.495, subdivision 2; 92.67, subdivision 6; 116J.87; 179A.03, subdivision 3; 179A.05; 296.421, subdivision 5a; 363.01, subdivisions 14 and 26; 363.04, subdivisions 1, 2, 9, and 10; 363.12, subdivision 3; 363.121; 473.351, 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.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 84 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Lieder	Otis	Simoneau
Anderson, R.	Jennings	Long	Ozment	Skoglund
Battaglia	Jensen	McLaughlin	Pappas	Solberg
Bauerly	Johnson, A.	Milbert	Pauly	Sparby
Begich	Johnson, R.	Miller	Pelowski	Stanius
Bertram	Johnson, V.	Minne	Peterson	Steensma
Bishop	Kahn	Munger	Price	Trimble
Brown	Kalis	Murphy	Quinn	Uphus
Carlson, D.	Kelly	Nelson, C.	Reding	Vanasek
Carlson, L.	Kelso	Nelson, D.	Rest	Vellenga
Carruthers	Kinkel	Nelson, K.	Rice	Voss
Dauner	Kludt	Neuenschwander	Riveness	Wagenius
DeBlick	Knuth	O'Connor	Rodosovich	Wenzel
Dorn	Kostohryz	Ogren	Rose	Winter
Forsythe	Krueger	Olson, E.	Rukavina	Wynia
Greenfield	Larsen	Olson, K.	Schoenfeld	Spk. Norton
Jacobs	Lasley	Orenstein	Segal	

Those who voted in the negative were:

Beard	Gruenes	McEachern	Richter	Valento
Bennett	Gutknecht	McKasy	Sarna	Waltman
Blatz	Hartle	McPherson	Schafer	Welle
Burger	Haukoos	Morrison	Scheid	
Clark	Heap	Olsen, S.	Schreiber	
Clausnitzer	Himle	Omann	Seaberg	
Cooper	Hugoson	Onnen	Svigum	
Dempsey	Jefferson	Osthoff	Swenson	
Dille	Knickerbocker	Poppenhagen	Thiede	
Frederick	Marsh	Quist	Tjornhom	
Frerichs	McDonald	Redalen	Tompkins	

The bill was passed, as amended, and its title agreed to.

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

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 Senate Files, herewith transmitted:

S. F. Nos. 703, 971, 1272, 1041, 167, 577, 1048, 300, 607, 377, 449, 555, 175, 853, 973, 1331, 1044, 1057, 281, 1223, 232, 236, 314 and 735.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 703, A bill for an act relating to occupations and professions; providing for the licensure of private detectives and protective agents; providing definitions; providing board powers and duties; specifying application and administrative procedure; authorizing rulemaking; requiring payment of fees; providing penalties; amending Minnesota Statutes 1986, sections 326.32, subdivisions 1, 5, 11, and by adding subdivisions; 326.33, subdivisions 1 and 2; 326.336; 326.338, subdivision 1, and by adding a subdivision; and 326.339; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1986, sections 326.32, subdivisions 6 and 7; 326.33, subdivisions 3, 4, and 5; 326.331; 326.332; 326.333; 326.334; 326.337; and 326.338, subdivisions 2 and 3.

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

S. F. No. 971, A bill for an act relating to public finance; modifying and extending means of financing operations of local government and certain nonprofit institutions; providing an income tax exemption for interest earned on certain governmental obligations; amend-

ing Minnesota Statutes 1986, sections 124.76, subdivision 2; 275.50, subdivision 5; 400.101; 429.061, subdivision 2; 429.091, subdivision 2, and by adding a subdivision; 462.461, subdivision 4; 462.555; 466.06; 471.981, subdivision 4, and by adding subdivisions; 473.811, subdivision 2; 474.02, subdivision 2; 474.03, subdivision 12; 475.51, subdivision 3; 475.54, subdivision 1, and by adding subdivisions; 475.55, subdivisions 1, 2, 3, 4, 6, 7, and by adding a subdivision; 475.56; 475.60, subdivision 2; 475.66, subdivision 3; and 475.67; subdivisions 3 and 12; proposing coding for new law in Minnesota Statutes, chapters 471, and 475; repealing Minnesota Statutes 1986, sections 475.55, subdivision 5; and 475.67, subdivision 11.

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

S. F. No. 1272, A bill for an act relating to public meetings; requiring certain notice for all meetings; amending Minnesota Statutes 1986, section 471.705, by adding a subdivision.

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

S. F. No. 1041, A bill for an act relating to health; providing for a local public health act; defining the powers and duties of boards of health; providing discretionary county ordinance power; authorizing the community health service subsidy; authorizing grants; providing penalties; amending Minnesota Statutes 1986, sections 35.67; 35.68; 144.36; 144.37; 145.075; and 145.923; and Laws 1969, chapter 235, section 3, subdivisions 2 and 4; proposing coding for new law as Minnesota Statutes, chapter 145A; repealing Minnesota Statutes 1986, sections 145.01 to 145.07; 145.08 to 145.125; 145.17 to 145.23; 145.24, subdivisions 1 and 2; 145.47 to 145.55; 145.911; 145.912, subdivisions 1 to 8, 10 to 15, 19, and 20; 145.913 to 145.92; and 145.922.

The bill was read for the first time.

Kelso moved that S. F. No. 1041 and H. F. No. 999; now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 167, A bill for an act relating to the Minnesota zoological garden; increasing the size of the zoological board; permitting the board to appoint new members to the board; exempting members of the board from filing statements of economic interest; amending Minnesota Statutes 1986, section 85A.01, subdivision 1, and by adding a subdivision.

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

S. F. No. 577, A bill for an act relating to business corporations; regulating mergers and exchanges; amending Minnesota Statutes 1986, sections 302A.111, subdivision 2; 302A.471, subdivisions 1 and 3; 302A.601, subdivision 2; 302A.611; 302A.613; 302A.615; 302A.631; and 302A.641, subdivision 1.

The bill was read for the first time.

Carruthers moved that S. F. No. 577 and H. F. No. 1393, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1048, A bill for an act relating to health; making nutrition data reporting discretionary rather than mandatory; governing the hazardous substance injury compensation board; restructuring the commissioner's authority to control activities of carriers of communicable diseases; regulating licensure and inspections of hospitals, nursing homes, life support transportation systems, and eating places; clarifying powers of the office of health facility complaints; changing certain duties of the interagency board for quality assurance; providing penalties; amending Minnesota Statutes 1986, sections 115B.28, subdivision 4; 144.0722; 144.092; 144.50, subdivisions 1 and 2; 144.653, subdivision 3; 144.802, subdivisions 3 and 4; 144A.10, subdivisions 1 and 2; 144A.16; 144A.31; 144A.53, subdivision 1; 145.881, subdivision 1; 145.882, subdivision 4; 157.01; 157.02; 157.04; 157.09; and 157.14; proposing coding for new law in Minnesota Statutes, chapters 144 and 144A; repealing Minnesota Statutes 1986, sections 144.422; 144.424; 144.425; 144.471; 144.49, subdivision 5; 144.692; 144.801, subdivision 8; and 144.94.

The bill was read for the first time.

Greenfield moved that S. F. No. 1048 and H. F. No. 1076, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 300, A bill for an act relating to education; establishing chemical abuse pre-assessment teams and community advisory teams; requiring teachers to report possession, use, and transfer of chemical substances by students; amending Minnesota Statutes 1986, sections 127.41, subdivision 3; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was read for the first time.



Kelly moved that S. F. No. 300 and H. F. No. 246, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 607, A bill for an act relating to traffic regulations; peace officers; authorizing peace officers to inspect for regulated tires; amending Minnesota Statutes 1986, section 169.725.

The bill was read for the first time.

Bertram moved that S. F. No. 607 and H. F. No. 1467, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 377, A bill for an act relating to state government; regulating the state council for the handicapped; extending the time for appeals by the council from state building code decisions affecting the interests of handicapped persons; changing the name of the council; amending the duties and responsibilities of the council; authorizing the council to initiate or intervene in proceedings affecting handicapped persons; appropriating money; amending Minnesota Statutes 1986, sections 16B.67; and 256.482.

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

S. F. No. 449, A bill for an act relating to transportation; railroads; requiring occupied caboose car on certain trains; requiring caboose car to be equipped with shortwave radio; imposing a penalty; amending Minnesota Statutes 1986, section 219.56; proposing coding for new law in Minnesota Statutes, chapter 219.

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

S. F. No. 555, A bill for an act relating to human services; prohibiting the use of faradic shock in certain facilities; including certain aversive and deprivation procedures as abuse; amending Minnesota Statutes 1986, sections 245.825, subdivision 1; 626.556, subdivision 2; and 626.557, subdivision 2.

The bill was read for the first time.

Clark moved that S. F. No. 555 and H. F. No. 585, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 175, A bill for an act relating to health; health maintenance organizations; requiring disclosure of certain exclusions and limitations on coverage; amending Minnesota Statutes 1986, sections 62D.05, subdivision 2; 62D.07, subdivision 3; and 62D.12, subdivision 1.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 853, A bill for an act relating to public safety; establishing the "McGruff" symbol as the sign for a safe house for children; creating a safe house program; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 299A.

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

S. F. No. 973, A bill for an act relating to peace officer training; providing money to train conservation officers employed by the commissioner of natural resources; amending Minnesota Statutes 1986, sections 97A.065, subdivision 2; 609.101; and 626.861, subdivision 4.

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

S. F. No. 1331, A bill for an act relating to taxation; providing for refund to manufacturers of excise taxes on automobiles when refund is paid to the consumer; amending Minnesota Statutes 1986, sections 297B.031 and 325F.665, subdivision 3.

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

S. F. No. 1044, A bill for an act relating to education; providing for combined seniority list of certain teachers in districts entering into agreements for secondary education unless otherwise negotiated; amending Minnesota Statutes 1986, sections 122.535, subdivision 2; and 122.541, subdivision 1.

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

S. F. No. 1057, A bill for an act relating to education; requiring the University of Minnesota to study alternative methods for animal testing.

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

S. F. No. 281, A bill for an act relating to motor vehicles; abolishing authority to appoint corporations or private individuals other than persons acting on behalf of nonprofit corporations as deputy registrars; providing for transfer of appointments of corporations as deputy registrars to individuals under certain conditions; requiring county auditors or directors of county license bureaus to operate and maintain registration and motor vehicle tax collection bureaus in county seats; providing certain exceptions; permitting counties to contract with private individuals for deputy registrar services in certain instances; requiring the registrar of motor vehicles to adopt rules governing the hours of operation of deputy registrar offices; requiring the registrar to notify counties of their option to establish county license bureaus before appointing county auditors as deputy registrars; requiring the audit of private deputy registrars and contractors; permitting private individuals holding appointments as deputy registrars or qualifying for transfers of appointments held by corporations to continue to operate as deputy registrars; requiring the registrar of motor vehicles to develop a plan for compensating persons who by a certain date purchased corporations holding appointments as deputy registrars; amending Minnesota Statutes 1986, sections 168.012, subdivision 1c; and 168.33, subdivision 2.

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

S. F. No. 1223, A bill for an act relating to state departments and agencies; creating a commission for the quincentennial of the Hispanic presence in the western hemisphere.

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

S. F. No. 232, A bill for an act relating to crimes; expanding the definition of crime for victims' rights provisions to include ordinance violations resulting in bodily harm; expanding crimes that entitle victim to notice of plea agreement; granting right to victim to submit an impact statement to the court; requiring officers to give victims a notice of their rights; requiring prosecutors to present to the court a written victim impact summary prepared by the victim; ensuring privacy of victim's request for notice of prisoner release; amending Minnesota Statutes 1986, sections 611A.01; 611A.02; and 611A.06; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1986, section 611A.03, subdivision 3.

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

S. F. No. 236, A bill for an act relating to obscenity; prohibiting the distribution and exhibition of obscene materials and performances; prescribing penalties; amending Minnesota Statutes 1986, section 617.241.

The bill was read for the first time.

Reding moved that S. F. No. 236 and H. F. No. 402, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 314, A bill for an act relating to state investments; requiring the state board of investments to adopt an investment policy statement; authorizing state funds to be invested in certain securities; providing conditions of investment; amending Minnesota Statutes 1986, sections 11A.04; 11A.24, subdivisions 2, 3, 4, 5, and 6; and 11A.25.

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

S. F. No. 735, A bill for an act relating to human services; providing for a statewide interpreter service for hearing impaired persons; altering membership on Minnesota council for the hearing impaired; amending Minnesota Statutes 1986, sections 256C.24, subdivisions 2 and 3; 256C.25, subdivisions 1 and 2; and 256C.28, subdivisions 1 and 3.

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

### **GENERAL ORDERS**

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

### **MOTIONS AND RESOLUTIONS**

Sparby moved that the name of Neuenschwander be added as an author on H. F. No. 803. The motion prevailed.

Voss moved that S. F. No. 1084, now on Special Orders, be re-referred to the Committee on Taxes. The motion prevailed.

Reding moved that H. F. No. 1052, now on General Orders, be re-referred to the Committee on Governmental Operations. The motion prevailed.

Bishop moved that H. F. No. 172 be returned to its author. The motion prevailed.

Bishop moved that H. F. No. 253 be returned to its author. 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. 283:

Johnson, A.; Knickerbocker and Scheid.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 184:

Quinn, Sarna and Clark.

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Thursday, May 7, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Thursday, May 7, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987.

## FORTY-SIXTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 7, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Gary Thompson, Sandstone Evangelical Free Church, Sandstone, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lasley	Otis	Simoneau
Anderson, R.	Gruenes	Lieder	Ozment	Skoglund
Battaglia	Gutknecht	Long	Pappas	Solberg
Bauerly	Hartle	Marsh	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Begich	Heap	McKasy	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Sviggum
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jaros	Miller	Quist	Tjornhom
Boo	Jefferson	Minne	Redalen	Tompkins
Brown	Jennings	Morrison	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, D.	Johnson, A.	Murphy	Rice	Uphus
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Valento
Carruthers	Johnson, V.	Nelson, D.	Riverness	Vanasek
Clark	Kahn	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kalis	Neuenschwander	Rose	Voss
Cooper	Kelly	O'Connor	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlieck	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludt	Olson, E.	Scheid	Wenzel
Dille	Knickerbocker	Olson, K.	Schoenfeld	Winter
Dorn	Knuth	Omann	Schreiber	Wynia
Forsythe	Kostohryz	Onnen	Seaberg	Spk. Norton
Frederick	Krueger	Orenstein	Segal	
Frerichs	Larsen	Osthoff	Shaver	

A quorum was present.

McDonald was excused until 12:20 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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 S. F. Nos. 51, 321, 1012, 735, 971, 1272, 1041, 167, 577, 1048, 300, 607, 377, 449, 555, 175, 853, 973, 1331, 1044, 1057, 281, 1223, 232, 236 and 314 have been placed in the members' files.

S. F. No. 236 and H. F. No. 402, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Reding moved that S. F. No. 236 be substituted for H. F. No. 402 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 577 and H. F. No. 1393, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Carruthers moved that the rules be so far suspended that S. F. No. 577 be substituted for H. F. No. 1393 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1041 and H. F. No. 999, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kelso moved that S. F. No. 1041 be substituted for H. F. No. 999 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1048 and H. F. No. 1076 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. 1048 be substituted for H. F. No. 1076 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 300 and H. F. No. 246, 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. 300 be substituted for H. F. No. 246 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 607 and H. F. No. 1467, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Bertram moved that the rules be so far suspended that S. F. No. 607 be substituted for H. F. No. 1467 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 555 and H. F. No. 585, 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. 555 be substituted for H. F. No. 585 and that the House File be indefinitely postponed. The motion prevailed.

**REPORTS OF STANDING COMMITTEES**

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 91, A bill for an act relating to public safety; pipelines and underground facilities; enacting the Minnesota pipeline safety act; requiring a routing permit to construct a new pipeline; creating the office of pipeline safety and providing for its powers and duties; authorizing rulemaking for purposes of delegation of federal authority; creating the pipeline safety advisory commission; regulating the operation of certain pipelines; requiring the adoption of pipeline setback ordinances; providing for notification of excavation in the area of underground facilities; providing for a pipeline inspection fee; establishing the pipeline safety fund; requiring a study; providing penalties; appropriating money; amending Minnesota Statutes 1986, sections 116I.02, subdivisions 2 and 3; 117.48; 117.49; 216B.16, by adding a subdivision; 299F.56, by adding a subdivision; 299F.57; 299F.58; 299F.60; 299F.61; 299F.62; 299F.63; and 299F.64; proposing coding for new law in Minnesota Statutes, chapter 116I;



proposing coding for new law as Minnesota Statutes, chapters 216C and 299J.

Reported the same back with the following amendments:

Page 9, after line 35, insert:

"Subd. 3. [COOPERATION WITH LOCAL GOVERNMENT.] In establishing operating procedures for the statewide notification center, the board of directors must work in cooperation with the league of Minnesota cities, the association of Minnesota counties, and the township officers' association. The purpose of this cooperation is to maximize the participation of local governmental units that issue permits for activities involving excavation to assure that excavators receive notice of and comply with the requirements of sections 7 to 13."

Page 9, line 36, delete "3" and insert "4"

Page 33, line 34, delete "(a)"

Page 34, delete lines 6 and 7

Page 34, delete lines 29 to 31 and insert:

"\$418,300 is appropriated from the general fund to the agencies indicated in this section for the purposes of this act, to be available for the fiscal year ending June 30 in the years indicated."

	<u>1988</u>	<u>1989</u>
<u>(a) State planning director</u>	<u>\$ 73,000</u>	<u>-0-</u>
<u>Any unencumbered balance remaining in the first year does not cancel and is available for the second year.</u>		
<u>(b) Commissioner of public safety</u>	<u>\$184,400</u>	<u>\$160,900</u>
<u>The approved complement of the department of public safety is increased by three positions."</u>		

Page 34, line 33, delete "3, and 4" and insert "and 3"

Page 34, line 35, before "7" insert "4,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 163, A bill for an act relating to children; regulating paternity determinations; requiring obligee to use available prepaid health plan; regulating support and maintenance obligations; providing for withholding of support; amending Minnesota Statutes 1986, sections 144.219; 256B.37, by adding a subdivision; 257.34, subdivision 1; 257.57, subdivision 2; 257.60; 257.62; by adding a subdivision; 257.63, subdivision 2; 510.07; 518.171, subdivision 1; 518.24; 518.551, subdivision 1; 518.611, subdivisions 1, 2, 3, 4, 6, and 8; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1986, section 257.34, subdivision 2.

Reported the same back with the following amendments:

Page 1, after line 28, insert:

"Sec. 2. [256.979] [CHILD SUPPORT INCENTIVES.]

Subdivision 1. [INCENTIVE AWARD ACCOUNT.] The state share of AFDC child support collections received by the commissioner of human services during fiscal year 1988 in excess of \$13,280,000 must be deposited in an incentive award account for nonpublic assistance collections. In succeeding years the commissioner shall deposit in the account the state share of collections that exceed the sum of the prior year's state share and that year's deposits in the incentive award account.

Subd. 2. [RATIO DETERMINATION.] Using information reported to the commissioner of human services under Title IV-D of the Social Security Act by county agencies responsible for child support enforcement, the commissioner shall determine the cost-benefit ratio for each county on a quarterly basis. The commissioner shall determine the ratio by dividing each county's nonpublic assistance collections by the county child support agency costs. For purposes of this section, collections made on behalf of another county agency in Minnesota shall be identified and counted only by the county agency making the collection.

Subd. 3. [PERCENTAGE DETERMINATION.] The commissioner shall use the following table to determine the percentage for each county that corresponds to the ratio determined in subdivision 2. The commissioner shall multiply each county agency's quarterly nonpublic assistance collections by the applicable percentage to determine the county agency's nonpublic assistance dollar amount for purposes of this subdivision.

<u>Ratio*</u>	<u>Percent</u>
<u>.1 or less</u>	<u>3.0</u>
<u>.2</u>	<u>3.5</u>
<u>.4</u>	<u>4.0</u>
<u>.6</u>	<u>4.5</u>
<u>.8</u>	<u>5.0</u>
<u>1.0</u>	<u>5.5</u>
<u>1.2</u>	<u>6.0</u>
<u>1.4</u>	<u>6.5</u>
<u>1.6</u>	<u>7.0</u>
<u>1.8</u>	<u>7.5</u>
<u>2.0</u>	<u>8.0</u>
<u>2.2</u>	<u>8.5</u>
<u>2.4</u>	<u>9.0</u>
<u>2.6</u>	<u>9.5</u>
<u>2.8 or more</u>	<u>10.0</u>

\*A county ratio that falls between two listed ratios must be rounded up to the next listed ratio.

Subd. 4. [DISTRIBUTION FORMULA.] (a) The commissioner shall determine each county child support enforcement agency's share of the state's quarterly incentive award for nonpublic assistance collections according to the formula in paragraph (b). County agencies that do not submit the required report to the commissioner within 30 days after the end of the quarter shall not receive an incentive award under this section and are excluded for purposes of the formula in this subdivision. Within 45 days after the end of the quarter, the commissioner shall inform each county agency of the determinations and pay the determined amount to the county agency. Incentive payments under this section must begin with the quarter ending September 30, 1988.

(b) To determine the county agency's quarterly incentive award, the commissioner shall:

(1) add all county agency quarterly nonpublic assistance dollar amounts as determined in subdivision 2;

(2) divide the state's quarterly nonpublic assistance incentive award by the total obtained in clause (1); and

(3) multiply the quotient obtained in clause (2) by each county agency's quarterly nonpublic assistance dollar amount as determined under subdivision 2."

Page 5, line 1, after "tests" insert a comma

Page 5, line 4, after "court" insert a comma

Page 5, line 6, after "it" insert a comma

Page 5, line 35, after "hands" insert a comma

Page 6, line 31, after "child" insert a comma

Page 6, line 33, after "child" insert a comma

Page 7, after line 31, insert:

"Sec. 13. Minnesota Statutes 1986, section 518.551, is amended by adding a subdivision to read:

Subd. 10. [ADMINISTRATIVE PROCESS CHILD SUPPORT PILOT PROJECT.] A pilot project is established to obtain, modify, and enforce child and medical support orders and maintenance through administrative process, to evaluate the efficiency of the administrative process. The pilot project shall begin on July 1, 1988, and end on June 30, 1989.

Except for child and medical support orders and maintenance obtained in conjunction with marriage dissolutions and actions to establish parentage, all proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance required to be conducted in Dakota county in which Dakota county human services is a party or represents a party to the action from July 1, 1988, to June 30, 1989, must be conducted by an administrative law judge from the office of administrative hearings. For the purpose of this pilot project, all powers, duties, and responsibilities conferred on judges of the county or district court to obtain, modify, and enforce child and medical support and maintenance, except for powers of contempt, are conferred on the administrative law judge conducting the proceedings.

During fiscal year 1988, the chief administrative law judge, the commissioner of human services, the director of Dakota county human services, the Dakota county attorney, and the clerk of the Dakota county court shall jointly establish procedures for the implementation of this pilot project.

A nonattorney employee of Dakota county human services, acting at the direction of the county attorney, may prepare, sign, serve, and file motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an

administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

For the purpose of this pilot project, the hearings shall be conducted pursuant to the conference contested case rules adopted by the chief administrative law judge. Decisions issued by the administrative law judge shall be appealable directly to the court of appeals."

Page 8, line 2, strike the comma

Page 8, line 19, reinstate the first "The" and strike the third "the"

Page 9, line 33, delete "(c)" and reinstate the stricken "(b)"

Page 11, line 18, strike "a"

Page 12, line 1, delete "21" and insert "26"

Page 12, line 19, after "obligee" insert "by the 15th day of the month following their receipt by the public agency"

Page 12, line 27, after "Counties" insert "which"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 11, after the first "1" insert "4", and by adding a subdivision"

Page 1, line 13, delete "chapter" and insert "chapters 256 and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 601, A bill for an act relating to natural resources; providing that money recovered by the state for forest fire fighting expenses be restored to the fund of origination; increasing the amount that may be paid for tips related to forest fire crimes;

amending Minnesota Statutes 1986, section 88.75, subdivision 1; and 88.76.

Reported the same back with the following amendments:

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1986, section 88.17, subdivision 2, is amended to read:

Subd. 2. In any prosecution under sections 88.03 to 88.22 for unlawfully starting or setting or having or permitting the continuation or spread of any fire or backfire, proof upon the part of the prosecution that such fire or backfire originated upon, or was permitted to burn upon, or that it spread from, lands or premises occupied by the person charged with the offense, and that this person had knowledge of the fire and made no effort to put it out, shall be prima facie evidence of guilt. ~~The burden of proof as to any matter in refutation of this prima facie guilt, or in extenuation or excuse, shall be and rest upon the person so appearing prima facie to be guilty.~~”

Page 1, line 10, delete “Section 1” and insert “Sec. 2”

Page 2, line 6, strike “person”

Page 2, line 7, after “setting” insert “of” and strike “guilty” and insert “evidence”

Page 2, line 23, delete “2” and insert “3”

Page 2, line 29, delete “\$1,000” and insert “\$100”

Page 2, delete section 3

Amend the title as follows:

Page 1, line 6, before the semicolon insert “; clarifying provisions relating to the burden of proof and evidence of negligence”

Page 1, line 7, delete “section” and insert “sections 88.17, subdivision 2,”

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 834, A bill for an act relating to natural resources; providing for the deposit of receipts from private forest management services into the forest management fund; appropriating money; amending Minnesota Statutes 1986, sections 88.79, subdivision 2; and 89.04.

Reported the same back with the following amendments:

Page 2, delete section 3

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.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 866, A bill for an act relating to public safety; establishing the "McGruff" symbol as the sign for a safe house for children; creating a safe house program; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 299A.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 995, A bill for an act relating to human services; clarifying chemical dependency consolidated fund administration procedures; amending Minnesota Statutes 1986, sections 246.51; 246.511; 254B.01, subdivision 5; 254B.02, subdivisions 1, 2, 3, and 5; 254B.03, subdivisions 1, 2, 3, 4, and 5; 254B.04; 254B.05; 254B.06,

subdivision 1; 254B.08; and 254B.09, subdivisions 3, 5, and 7; repealing Minnesota Statutes 1986, section 256.968.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1181, A bill for an act relating to natural resources; waiving indirect cost billings to the federal government and other states and provinces in certain circumstances; amending Minnesota Statutes 1986, section 16A.127, by adding a subdivision.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1450, A bill for an act relating to workers' compensation; requiring security of self-insurers; regulating special compensation fund assessments and liability; creating a self-insurer insolvency fund; authorizing certain inspections; providing penalties; appropriating money; amending Minnesota Statutes 1986, sections 176.041, subdivision 4; 176.129, subdivisions 9, 11, and 13; 176.131, subdivisions 1 and 8; 176.132, subdivision 1; 176.181, subdivision 3; 176.182; 176.183, subdivisions 1a and 2; 176.185, by adding a subdivision; 176.225, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 60A and 176.

Reported the same back with the following amendments:

Page 1, line 25, delete "certified by an actuary member of the"

Page 1, line 26, delete "casualty actuarial society"

Page 1, line 29, after "years" insert ". The total outstanding workers' compensation liability incurred must be certified by an actuary who is a member of the casualty actuarial society one year after the date of authority to self-insure and every fourth year thereafter unless requested more frequently by the commissioner of commerce. Self-insurers authorized to self-insure on the effective date of this section must provide this actuarial certification of



outstanding liabilities by July 1, 1988, or upon the anniversary of their authority to self-insure, whichever comes first,

Page 2, line 17, after the first "of" insert "(amount in writing)"

Page 2, line 27, delete ", including their" and insert a period

Page 2, delete line 28

Page 3, line 8, delete "paragraph" and insert "paragraphs (b) and"

Page 3, line 9, delete "for any bond year"

Page 3, line 10, delete "face" and insert "penal"

Page 3, line 15, after the second "employee" insert "which occurred during the period this bond remains in force"

Page 3, line 18, delete "ten-days" and insert "20 days"

Page 3, line 25, delete "provided in paragraph (e)" and insert "herein provided, however, the penal amount of the bond shall be revised each year to comply with all statutory requirements and rules"

Page 3, line 26, delete "is in effect, the bond penalty shall" and insert "remains in force or the number of annual premiums paid or payable, the total liability of the surety hereunder shall not exceed the penal amount of the bond."

Page 3, delete line 27

Page 4, line 13, delete "(a)"

Page 4, delete lines 22 to 28

Pages 8 and 9, delete section 8

Page 15, delete section 14

Page 16, delete section 16

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "appropriating money;"

Page 1, line 9, delete "176.132, subdivision 1;"

Page 1, line 11, delete "176.185, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 121, A bill for an act relating to traffic regulations; clarifying that a child under four is not required to use a seat belt; imposing penalty for failure to wear seat belt; amending Minnesota Statutes 1986, section 169.686, subdivision 1.

Reported the same back with the following amendments:

Page 2, after line 2, insert:

"Sec. 2. Minnesota Statutes 1986, section 169.686, is amended by adding a subdivision to read:

Subd. 3. [APPROPRIATION; SPECIAL ACCOUNT.] One-half of the fines collected for a violation of subdivision 1 must be deposited in the state treasury and credited to a special account to be known as the emergency medical services relief account, provided that the total amount of fines deposited in the account may not exceed \$750,000 per year. The remaining fines must be distributed as provided in statute. Money in the account shall be distributed to the eight regional emergency medical services systems designated by the commissioner under section 144.8093, for personnel education and training, equipment and vehicle purchases, and operational expenses of emergency life support transportation services. The board of directors of each emergency medical services region shall establish criteria for funding.

Sec. 3. [APPROPRIATION.]

\$750,000 is appropriated from the emergency medical services relief account for the fiscal year ending June 30, 1988, and \$750,000 for the fiscal year ending June 30, 1989, to the commissioner of health for equal distribution to the eight regional emergency medical service systems designated by the commissioner under section 144.8093."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "creating an emergency medical services relief account; appropriating money;"

Page 1, line 6, before the period, insert “, and by adding a subdivision”

With the recommendation that when so amended the bill pass.

The report was adopted.

## **SECOND READING OF HOUSE BILLS**

H. F. Nos. 91, 163, 601, 834, 866, 995, 1181 and 1450 were read for the second time.

## **SECOND READING OF SENATE BILLS**

S. F. Nos. 236, 577, 1041, 1048, 300, 607, 555 and 121 were read for the second time.

## **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Jefferson; Trimble; Pappas; Nelson, K., and Rose introduced:

H. F. No. 1649, A bill for an act relating to hazardous substances; authorizing loans to municipalities for removal of hazardous substances to facilitate economic development; appropriating money; amending Minnesota Statutes 1986, section 273.73, subdivision 7; 273.75, subdivisions 1 and 5; proposing coding for new law in Minnesota Statutes, chapter 116M.

The bill was read for the first time and referred to the Committee on Economic Development and Housing.

Rukavina, Minne, Battaglia and Dille introduced:

H. F. No. 1650, A bill for an act relating to local government; fixing the terms of mayors of statutory cities; amending Minnesota Statutes 1986, sections 412.02, subdivision 1; and 412.023, subdivision 4; repealing Minnesota Statutes 1986, section 412.022, subdivision 1.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Jennings; Brown; Carlson, D., and Kinkel introduced:

H. F. No. 1651, A bill for an act relating to liquor; increasing the sales tax upon intoxicating liquor; dedicating a portion of the revenue to chemical dependency treatment and alcohol victims compensation; amending Minnesota Statutes 1986, sections 297A.02, subdivision 3; 297A.44, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1986, sections 254B.03, subdivision 3; 254B.04, subdivision 2; 340A.409; 340A.801; and 340A.802.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Segal introduced:

H. F. No. 1652, A bill for an act relating to human services; requiring a study on the feasibility of a mental health training institute.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Segal introduced:

H. F. No. 1653, A bill for an act relating to human services; requiring a study of mental health services for children.

The bill was read for the first time and referred to the Committee on Health and Human Services.

## MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 489, A bill for an act relating to local government; authorizing annexation proceedings for certain land between the city of Nashwauk and the town of Nashwauk.

H. F. No. 1031, A bill for an act relating to liens; labor and material; regulating the attachment of these liens; providing that

visible staking of the premises does not constitute the actual and visible beginning of the improvement; amending Minnesota Statutes 1986, section 514.05.

H. F. No. 1629, A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

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. 466, A bill for an act relating to commerce; clarifying unregulated sales of eyeglasses; amending Minnesota Statutes 1986, section 148.56, subdivision 3.

H. F. No. 656, A bill for an act relating to public safety; regulating high pressure piping and pipefitters; providing penalties; amending Minnesota Statutes 1986, sections 326.461, subdivision 2; 326.47, subdivision 3; 326.48, subdivision 1; 326.50; 326.51; proposing coding for new law in Minnesota Statutes, chapter 326.

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. 340, A bill for an act relating to natural resources; allowing elk to be bred on game and fur farms; amending Minnesota Statutes 1986, section 97A.105, subdivision 1.

H. F. No. 630, A bill for an act relating to health; allowing health maintenance organizations to adjust premiums based on actual health services utilization; amending Minnesota Statutes 1986, sections 62D.04, subdivision 1; 62D.08, subdivision 3; and 62D.10, by adding a subdivision.

H. F. No. 1263, A bill for an act relating to the administration of state property; extending the period for which the commissioner of administration may lease state property; amending Minnesota Statutes 1986, section 16B.24, subdivision 5.

H. F. No. 923, A bill for an act relating to human services; regulating budgets and procedures of human services boards; amending Minnesota Statutes 1986, sections 402.02, subdivision 2; 402.05, subdivision 1a; and 402.062, subdivisions 1 and 2; repealing Minnesota Statutes 1986, section 402.095.

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. 142, A bill for an act relating to drivers' licenses; permitting limited license for homemaker; amending Minnesota Statutes 1986, section 171.30, subdivision 1.

H. F. No. 580, A bill for an act relating to human rights; changing certain requirements relating to disabled persons; amending Minnesota Statutes 1986, sections 363.02, subdivisions 1 and 5; 363.03, subdivision 1; and 363.116.

H. F. No. 1024, A bill for an act relating to human rights; regulating access to public accommodation by certain persons and guide dogs; amending Minnesota Statutes 1986, sections 256C.02; and 363.03, subdivision 10.

H. F. No. 1230, A bill for an act relating to insurance; clarifying the authority of school districts to self-insure for property and casualty coverage; amending Minnesota Statutes 1986, section 471.98, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 170, A bill for an act relating to firearms; allowing ammunition manufacturers to possess machine guns for ammunition testing purposes; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1986, section 609.67, subdivisions 3 and 4.

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. 318, A bill for an act relating to crimes; creating the crime of criminal sexual conduct by impersonating a health care professional; amending Minnesota Statutes 1986, sections 609.344, subdivision 1; and 609.345, subdivision 1.

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. 854, A bill for an act relating to judgments; clarifying the procedure and cost for filing foreign judgments; clarifying the procedure to be used in securing a judgment and execution; amending Minnesota Statutes 1986, sections 548.27; 548.30; 549.09; and 550.04.

The Senate has appointed as such committee:

Messrs. Frederickson, D. R.; Cohen and Jude.

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. 674, A bill for an act relating to crimes; dictating circumstances in which the court may stay execution of sentence following conviction for a second or subsequent offense relating to criminal sexual conduct; providing that information regarding a sexual assault victim is private; amending Minnesota Statutes 1986, sections 609.346, subdivisions 2 and 3; and 611A.06.

The Senate has appointed as such committee:

Mses. Berglin and Peterson, D. C., and Mr. 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. 243, A bill for an act relating to the organization and operation of state government; appropriating money for human services, corrections, health, economic security, and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 15A.081, subdivision 1; 86.33, subdivisions 2 and 3; 136C.06; 144.55, subdivision 6; 144.68; 144.69; 144A.05; 144A.071, subdivision 3; 144A.27; 144A.33, subdivision 3; 171.29, subdivision 2; 245.713, subdivision 2; 246.50, subdivisions 3, 4a, 5, 7, and by adding a subdivision; 246.51; 246.511; 251.011, subdivision 6; 252.275, subdivisions 1, 2, 4, and 7; 256.01, subdivisions 2 and 4; 256.045, subdivision 3; 256.73, by adding a subdivision; 256.736, subdivisions 3, 4, 6, and by adding subdivisions; 256.74, subdivision 1; 256.969, subdivision 2; 256.98; 256B.02, subdivision 8, and by adding a subdivision; 256B.03, subdivision 1; 256B.04, subdivisions 14 and 15; 256B.06, subdivision 1, and by adding a subdivision; 256B.064, subdivision 1a; 256B.15; 256B.17, subdivisions 4 and 5; 256B.19, subdivision 1; 256B.35, subdivisions 1 and 2; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 2e, 3a, 4, and by adding subdivisions; 256B.433; 256B.47, subdivision 1, and by adding subdivisions; 256B.48, subdivisions 1 and 6; 256B.50, subdivision 2; 256B.69, subdivisions 6, 11, and by adding subdivisions; 256C.26; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8; 256D.03, subdivisions 3, 4, and by adding a subdivision; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.06, subdivisions 1, 1b, 2, 3, and 6; 256D.08, subdivision 1; 256D.101; 256D.15; 256D.22; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.06, by adding a subdivision; 256E.07, by adding a subdivision; 256E.12, subdivision 3; 257.35; 257.351, subdivision 15, and by adding subdivisions; 257.354, subdivision 4, and by adding a subdivision; 268.0111, subdivision 8; 268.0122, subdivisions 2 and 3; 268.36; 268.37, subdivision 3; 268.673, subdivision 5, and by adding a subdivision; 268.6751; 268.676; 268.677, subdivision 1; 268.678, subdivisions 1 and 4; 268.681, subdivision 2, and by adding a subdivision; 268.85, subdivision 2; 268.86, subdivisions 1, 2, and 4; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.88; 268.89, subdivision 2; 268.91, subdivisions 1, 2, 3, 4, 5, 6, 7, and by adding subdivisions;



268.911, subdivision 1; 393.07, subdivision 10; 517.08, subdivision 1a; 524.3-1201; proposing coding for new law in Minnesota Statutes, chapters 62D; 144; 144A; 245; 246; 256; 256B; 256D; 256E; 257; and 268; repealing Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.69, subdivision 1a; 245.713, subdivisions 1 and 3; 245.73; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 4, 5, 11, and 12; 256E.12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3.

The Senate has appointed as such committee:

Messrs. Samuelson and Spear, Mrs. Lantry, Mr. Knutson 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. 1507, A bill for an act relating to water; prohibiting the commissioner of natural resources from issuing certain permits or approving certain plans for diversion of water from certain water basins before consultation with state and Canadian officials; amending Minnesota Statutes 1986, sections 105.37, by adding subdivisions; 105.405, subdivision 2, and by adding subdivisions; and 105.44, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Munger moved that the House concur in the Senate amendments to H. F. No. 1507 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1507, A bill for an act relating to water; prohibiting the commissioner of natural resources from issuing certain permits or approving certain plans for diversion of water from certain water basins before consultation with state and Canadian officials; amending Minnesota Statutes 1986, sections 105.37, by adding subdivisions; 105.405, subdivision 2, and by adding subdivisions; and 105.44, subdivision 4.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Ozment	Solberg
Anderson, R.	Gutknecht	Marsh	Pappas	Sparby
Battaglia	Hartle	McEachern	Pauly	Stanius
Bauerly	Haukoos	McKasy	Pelowski	Steensma
Beard	Heap	McLaughlin	Peterson	Sviggum
Begich	Hugoson	McPherson	Poppenhagen	Swenson
Bennett	Jacobs	Milbert	Price	Thiede
Bertram	Jaros	Miller	Quinn	Tjornhom
Bishop	Jefferson	Minne	Quist	Tompkins
Blatz	Jensen	Morrison	Redalen	Trimble
Brown	Johnson, A.	Munger	Rest	Tunheim
Burger	Johnson, R.	Murphy	Rice	Uphus
Carlson, D.	Johnson, V.	Nelson, C.	Richter	Valento
Carlson, L.	Kahn	Nelson, D.	Riveness	Vanasek
Carruthers	Kalis	Nelson, K.	Rodosovich	Vellenga
Clark	Kelly	Neuenschwander	Rose	Voss
Clausnitzer	Kelso	O'Connor	Rukavina	Wagenius
Cooper	Kinkel	Ogren	Sarna	Waltman
Dauner	Kludt	Olsen, S.	Schafer	Welle
DeBlicek	Knickerbocker	Olson, E.	Scheid	Wenzel
Dempsey	Knuth	Olson, K.	Schoenfeld	Winter
Dille	Kostohryz	Omann	Schreiber	Wynia
Dorn	Krueger	Onnen	Seaberg	Spk. Norton
Forsythe	Larsen	Orenstein	Segal	
Frederick	Lasley	Osthoff	Simoneau	
Frerichs	Lieder	Otis	Skoglund	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1376, A bill for an act relating to state lands; directing sale and conveyance of certain state-owned lands to the city of Owatonna.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Hartle moved that the House concur in the Senate amendments to H. F. No. 1376 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1376, A bill for an act relating to state lands; directing sale and conveyance of certain state-owned lands to the city of Owatonna.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Ozment	Skoglund
Anderson, R.	Gruenes	Long	Pappas	Solberg
Battaglia	Gutknecht	Marsh	Pauly	Sparby
Bauerly	Hartle	McEachern	Pelowski	Stanius
Beard	Haukoos	McKasy	Peterson	Steensma
Begich	Heap	McLaughlin	Poppenhagen	Swiggum
Bennett	Himle	McPherson	Price	Swenson
Bertram	Hugoson	Milbert	Quinn	Thiede
Bishop	Jacobs	Miller	Quist	Tjornhom
Blatz	Jaros	Minne	Redalen	Tompkins
Boo	Jefferson	Morrison	Reding	Trimble
Brown	Jensen	Munger	Rest	Tunheim
Burger	Johnson, A.	Murphy	Rice	Uphus
Carlson, D.	Johnson, R.	Nelson, C.	Richter	Valento
Carlson, L.	Johnson, V.	Nelson, D.	Riveness	Vanasek
Carruthers	Kahn	Nelson, K.	Rodosovich	Vellenga
Clark	Kalis	Neuenschwander	Rose	Voss
Clausnitzer	Kelly	O'Connor	Rukavina	Wagenius
Cooper	Kelso	Ogren	Sarna	Waltman
Dauner	Kinkel	Olsen, S.	Schafer	Welle
DeBlick	Kludt	Olson, E.	Scheid	Wenzel
Dempsey	Knickerbocker	Olson, K.	Schoenfeld	Winter
Dille	Knuth	Omann	Schreiber	Wynia
Dorn	Kostohryz	Onnen	Seaberg	Spk. Norton
Forsythe	Krueger	Orenstein	Segal	
Frederick	Larsen	Osthoff	Shaver	
Frerichs	Lasley	Otis	Simoneau	

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 Senate File No. 353:

S. F. No. 353, A bill for an act relating to metropolitan water management; authorizing metropolitan counties to adopt ground water plans; relating to notice procedures in certain counties; amending Minnesota Statutes 1986, sections 112.53, subdivision 2; 473.875; 473.876, by adding subdivisions; 473.878, subdivisions 3, 5, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 473.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Jude and Merriam and Ms. Olson.

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

Nelson, 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. 353. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1152:

S. F. No. 1152, A bill for an act relating to alcoholic beverages; limiting imports by individuals; maximum volume for volume prices; purchases by delinquent licensees; restricting employment of minors in nonintoxicating liquor premises; providing for inspections; amending Minnesota Statutes 1986, sections 297C.09; 340A.302, subdivision 1; 340A.312, subdivision 2; 340A.318, subdivisions 1 and 3; and 340A.411, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 340A.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Solon, Spear and Anderson.

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

Jacobs 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. 1152. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1114:

S. F. No. 1114, A bill for an act relating to liquor; limitations on rules of the commissioner of public safety; items which may be sold in exclusive liquor stores; regulating sales of fermented malt beverages; amending Minnesota Statutes 1986, sections 299A.02, subdivision 3; and 340A.101, subdivision 10; repealing Minnesota Statutes 1986, sections 34.119; 34.12; 34.13; and 34.14.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Solon, Spear and Anderson.

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

Jacobs 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. 1114. The motion prevailed.

Jefferson was excused between the hours of 11:30 a.m. and 12:00 noon.

Mr. Speaker:

I hereby announce that the Senate wishes to recall for the purpose of further consideration Senate File No. 1044:

S. F. No. 1044, A bill for an act relating to education; providing for combined seniority list of certain teachers in districts entering into agreements for secondary education unless otherwise negotiated; amending Minnesota Statutes 1986, sections 122.535, subdivision 2; and 122.541, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Larsen moved that the House accede to the request of the Senate and that S. F. No. 1044 be recalled from the Committee on Education and be returned to the Senate for further consideration.

A roll call was requested and properly seconded.

The question was taken on the Larsen motion and the roll was called. There were 63 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Battaglia	Johnson, A.	Long	Quinn	Steensma
Bauerly	Johnson, R.	McLaughlin	Reding	Swenson
Beard	Kahn	Milbert	Rest	Tompkins
Begich	Kelly	Minne	Rice	Trimble
Carlson, L.	Kelso	Murphy	Riveness	Tunheim
Carruthers	Kinkel	Nelson, C.	Rodosovich	Vanasek
Clark	Kludd	Nelson, D.	Rukavina	Voss
Cooper	Knuth	Osthoff	Scheid	Welle
Dauner	Kostohryz	Otis	Segal	Wenzel
Dorn	Krueger	Pappas	Simoneau	Winter
Greenfield	Larsen	Pelowski	Skoglund	Spk. Norton
Jacobs	Lasley	Peterson	Solberg	
Jaros	Lieder	Price	Sparby	

Those who voted in the negative were:

Anderson, R.	Frerichs	McKasy	Orenstein	Shaver
Bennett	Gruenes	McPherson	Ozment	Stanius
Bertram	Gutknecht	Miller	Pauly	Sviggum
Bishop	Hartle	Morrison	Poppenhagen	Thiede
Blatz	Haukoos	Nelson, K.	Quist	Tjornhom
Boo	Heap	Neuenschwander	Redalen	Uphus
Burger	Himle	O'Connor	Richter	Valento
Carlson, D.	Hugoson	Ogren	Rose	Vellenga
Clausnitzer	Jensen	Olsen, S.	Sarna	Waltman
DeBlicke	Johnson, V.	Olson, E.	Schafer	
Dempsey	Knickerbocker	Olson, K.	Schoenfeld	
Forsythe	Marsh	Omann	Schreiber	
Frederick	McEachern	Onnen	Seaberg	

The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 153, 1232, 641, 776, 1099 and 90.

PATRICK E. FLAHAVEN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 153, A bill for an act relating to consumer protection; requiring cash refunds for goods returned on certain retail sales; providing enforcement; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time.

Lasley moved that S. F. No. 153 and H. F. No. 65, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1232, A bill for an act relating to public safety; providing an exception from certain regulations for steam turbines which receive steam from remote municipal facilities; amending Minnesota Statutes 1986, section 183.56.

The bill was read for the first time.

Jaros moved that S. F. No. 1232 and H. F. No. 1343, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 641, A bill for an act relating to workers' compensation; excluding certain persons from coverage; regulating insurance premium computations for certain public employees; amending Minnesota Statutes 1986, sections 79.211, by adding a subdivision; and 176.041, subdivision 1.

The bill was read for the first time.

Murphy moved that S. F. No. 641 and H. F. No. 774, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 776, A bill for an act relating to natural resources; creating the state board of water and soil resources and providing for its administration and powers and duties; abolishing the state soil and water conservation board and the water resources board; amending the duties of the environmental quality board; appropriating money; amending Minnesota Statutes 1986, sections 40.01, subdivision 4; 40.03, subdivision 4; 40.035, subdivision 2; 40.21, subdivisions 1 and 3; 40.43, subdivision 1; 105.73; 110B.02, subdivision 2; 112.35, subdivision 4; 116C.03, subdivision 2; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1986, sections 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; and 116C.41, subdivision 2.

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

S. F. No. 1099, A bill for an act relating to natural resources; waiving indirect cost billings to the federal government and other states and provinces in certain circumstances; amending Minnesota Statutes 1986, section 16A.127, by adding a subdivision.

The bill was read for the first time.

Solberg moved that S. F. No. 1099 and H. F. No. 1181, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 90, A bill for an act relating to public safety; pipelines and underground facilities; requiring a routing permit to construct a new pipeline; creating the office of pipeline safety and providing for its powers and duties; authorizing rulemaking for purposes of delegation of federal authority; creating the pipeline safety advisory commission; regulating the operation of certain pipelines; requiring the adoption of pipeline setback ordinances; providing for notification of excavation in the area of underground facilities; providing for a pipeline inspection fee; providing penalties; appropriating money; amending Minnesota Statutes 1986, sections 116I.02, subdivisions 2 and 3; 216B.16, by adding a subdivision; 299F.56, by adding a subdivision; 299F.57; 299F.58; 299F.60; 299F.61; 299F.62; 299F.63; and 299F.64; proposing coding for new law in Minnesota Statutes, chapter 116I; proposing coding for new law as Minnesota Statutes, chapters 216C and 299J.

The bill was read for the first time.

Knuth moved that S. F. No. 90 and H. F. No. 91, now on Technical 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. 1114:

Jacobs, Osthoff and Bennett.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1152:

Jacobs, Ogren and Bennett.

#### SPECIAL ORDERS

S. F. No. 785 was reported to the House.

Segal moved to amend S. F. No. 785, as follows:

Delete everything after the enacting clause and insert:



"Section 1. Minnesota Statutes 1986, section 609.26, subdivision 2, is amended to read:

Subd. 2. [DEFENSES.] No person violates subdivision 1 if the action:

(1) is taken to protect the child from physical or sexual assault or substantial emotional harm;

(2) is taken to protect the person taking the action from physical or sexual assault;

(3) is consented to by the parent, stepparent, or legal custodian seeking prosecution; or

(4) is otherwise authorized by a court order issued prior to the violation of subdivision 1.

The defenses provided in this subdivision are in addition to and do not limit other defenses available under this chapter or chapter 611.

Consent to custody or specific visitation under clause (3) must not be construed to be consent to failing to return or concealing a minor child.

Sec. 2. Minnesota Statutes 1986, section 609.26, subdivision 5, is amended to read:

Subd. 5. [DISMISSAL OF CHARGE.] A felony charge brought under this section shall be dismissed if:

(a) the person voluntarily returns the child within 14 days after taking, detaining, or failing to return the child in violation of this section; or

(b)(1) the person taking the action and the child have not left the state of Minnesota; and (2) within a period of 14 days after taking the action, (i) a motion or proceeding under chapter 518, 518A, 518B, or 518C is commenced by the person taking the action, or (ii) the attorney representing the person taking the action has consented to service of process by the party whose rights are being deprived, for any motion or action pursuant to chapter 518, 518A, 518B, or 518C.

Clause (a) does not apply if the person returns the child as a result of being located by law enforcement authorities. This subdivision does not prohibit the filing of felony charges or an offense report before the expiration of the 14 days.

Sec. 3. Minnesota Statutes 1986, section 609.26, subdivision 6, is amended to read:

Subd. 6. [PENALTY.] Except as otherwise provided in subdivision 5, whoever violates this section is guilty of a felony and may be sentenced to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both."

Delete the title and insert:

"A bill for an act relating to crimes; authorizing filing of felony charges before the 14-day requirement when the crime charged is depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2, 5, and 6."

The motion prevailed and the amendment was adopted.

S. F. No. 785, A bill for an act relating to crimes; eliminating consent defense to charge of depriving another of parental rights; allowing filing of felony charges before 14 days have elapsed; increasing penalty for depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2, 5, and 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Knickerbocker	O'Connor	Riveness
Anderson, R.	Frederick	Knuth	Ogren	Rodosovich
Battaglia	Frerichs	Kostohryz	Olsen, S.	Rose
Bauerly	Greenfield	Krueger	Olson, E.	Rukavina
Beard	Gruenes	Larsen	Olson, K.	Sarna
Begich	Gutknecht	Lasley	Omman	Schafer
Bennett	Hartle	Lieder	Onnen	Scheid
Bertram	Haukoos	Long	Orenstein	Schoenfeld
Bishop	Heap	Marsh	Osthoff	Schreiber
Blatz	Himle	McEachern	Otis	Seaberg
Brown	Hugoson	McKasy	Pappas	Segal
Burger	Jacobs	McLaughlin	Pauly	Shaver
Carlson, D.	Jaros	McPherson	Pelowski	Simoneau
Carlson, L.	Jensen	Milbert	Peterson	Skoglund
Carruthers	Johnson, A.	Miller	Poppenhagen	Solberg
Clark	Johnson, R.	Minne	Price	Stanisus
Clausnitzer	Johnson, V.	Morrison	Quinn	Steenasma
Cooper	Kahn	Munger	Quist	Svigum
Dauner	Kalis	Murphy	Redalen	Swenson
DeBlicck	Kelly	Nelson, C.	Reding	Thiede
Dempsey	Kelso	Nelson, D.	Rest	Tjornhom
Dille	Kinkel	Nelson, K.	Rice	Tompkins
Dorn	Kludt	Neuenschwander	Richter	Trimble

Tunheim  
Uphus  
Valento

Vanasek  
Vellenga  
Voss

Wagenius  
Waltman  
Welle

Wenzel  
Winter  
Wynia

Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 1308 was reported to the House.

Rose moved to amend S. F. No. 1308, as follows:

Page 1, line 13, after "ten" insert "local"

The motion prevailed and the amendment was adopted.

S. F. No. 1308, A bill for an act relating to game and fish; designation and use of waterfowl feeding or resting areas; amending Minnesota Statutes 1986, section 97A.095, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Marsh	Pappas	Simoneau
Anderson, R.	Gruenes	McEachern	Pauly	Skoglund
Battaglia	Gutknecht	McKasy	Pelowski	Solberg
Bauerly	Hartle	McLaughlin	Peterson	Sparby
Beard	Haukoos	McPherson	Poppenhagen	Stanius
Begich	Heap	Milbert	Price	Steensma
Bennett	Himle	Miller	Quinn	Sviggum
Bertram	Hugoson	Minne	Quist	Swenson
Bishop	Jacobs	Morrison	Redalen	Thiede
Blatz	Jensen	Munger	Reding	Tjornhom
Brown	Johnson, A.	Murphy	Rest	Tompkins
Burger	Johnson, R.	Nelson, C.	Rice	Trimble
Carlson, D.	Johnson, V.	Nelson, D.	Richter	Tunheim
Carlson, L.	Kahn	Nelson, K.	Riveness	Uphus
Carruthers	Kalis	Neuenschwander	Rodosovich	Valento
Clark	Kelly	O'Connor	Rose	Vanasek
Clausnitzer	Kelso	Ogren	Rukavina	Vellenga
Cooper	Kinkel	Olsen, S.	Sarna	Voss
Dauner	Kludd	Olson, E.	Schafer	Wagenius
DeBlieck	Knuth	Olson, K.	Scheid	Waltman
Dille	Kostohryz	Omann	Schoenfeld	Welle
Dorn	Krueger	Onnen	Schreiber	Wenzel
Forsythe	Larsen	Orenstein	Seaberg	Winter
Frederick	Lasley	Osthoff	Segal	Wynia
Frerichs	Long	Otis	Shaver	Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 1268 was reported to the House.

Nelson, C., moved that S. F. No. 1268 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 1081, A bill for an act relating to custody; providing that evidence of domestic abuse is relevant to determinations of custody; amending Minnesota Statutes 1986, sections 518.17, subdivision 1; and 518B.01, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Long	Pappas	Simoneau
Anderson, R.	Gruenes	Marsh	Pauly	Skoglund
Battaglia	Gutknecht	McEachern	Pelowski	Solberg
Bauerly	Hartle	McKasy	Peterson	Sparby
Beard	Haukoos	McLaughlin	Poppenhagen	Stanius
Begich	Heap	McPherson	Price	Steensma
Bennett	Himle	Milbert	Quinn	Sviggun
Bertram	Hugoson	Miller	Quist	Swenson
Bishop	Jacobs	Minne	Redalen	Thiede
Blatz	Jensen	Morrison	Reding	Tjornhom
Brown	Johnson, A.	Munger	Rest	Tompkins
Burger	Johnson, R.	Murphy	Rice	Trimble
Carlson, D.	Johnson, V.	Nelson, C.	Richter	Tunheim
Carlson, L.	Kahn	Nelson, D.	Riveness	Uphus
Carruthers	Kalis	Nelson, K.	Rodosovich	Valento
Clausnitzer	Kelly	Neuenschwander	Rose	Vanasek
Cooper	Kelso	O'Connor	Rukavina	Vellenga
Dauner	Kinkel	Ogren	Sarna	Voss
DeBlieck	Kludt	Olsen, S.	Schafer	Wagenius
Dempsey	Knickerbocker	Olson, K.	Scheid	Waltman
Dille	Knuth	Omam	Schoenfeld	Welle
Dorn	Kostohryz	Onnen	Schreiber	Wenzel
Forsythe	Krueger	Orenstein	Seaberg	Winter
Frederick	Larsen	Osthoff	Segal	Wynia
Frerichs	Lasley	Otis	Shaver	Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 1323 was reported to the House.

There being no objection, S. F. No. 1323 was temporarily laid over on Special Orders.

S. F. No. 1313, A bill for an act relating to insurance; liquor liability assigned risk plan; regulating assigned risk plan premiums; amending Minnesota Statutes 1986, section 340A.409, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Shaver
Anderson, R.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Pappas	Skoglund
Bauerly	Hartle	Marsh	Pauly	Solberg
Beard	Haukoos	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanius
Bennett	Himle	McLaughlin	Poppenhagen	Steensma
Bertram	Hugoson	McPherson	Price	Sviggum
Bishop	Jacobs	Milbert	Quinn	Swenson
Blatz	Jaros	Miller	Quist	Thiede
Brown	Jensen	Minne	Redalen	Tjornhom
Burger	Johnson, A.	Morrison	Reding	Tompkins
Carlson, L.	Johnson, R.	Munger	Rest	Trimble
Carruthers	Johnson, V.	Murphy	Rice	Tunheim
Clark	Kahn	Nelson, C.	Richter	Uphus
Clausnitzer	Kalis	Nelson, D.	Riveness	Valento
Cooper	Kelly	Nelson, K.	Rodosovich	Vanasek
Dauner	Kelso	Neuenschwander	Rukavina	Vellenga
DeBlieck	Kinkel	O'Connor	Sarna	Voss
Dempsey	Kludt	Ogren	Schafer	Wagenius
Dille	Knickerbocker	Olsen, S.	Scheid	Waltman
Dorn	Knuth	Olsen, K.	Schoenfeld	Welle
Forsythe	Kostohryz	Omann	Schreiber	Wenzel
Frederick	Krueger	Onnen	Seaberg	Winter
Frerichs	Larsen	Orenstein	Segal	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

The Speaker called Long to the Chair.

S. F. No. 911 was reported to the House.

Minne and McEachern moved to amend S. F. No. 911, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [126.071] [BRAILLE INSTRUCTION.]

Subdivision 1. [AVAILABILITY.] A school district shall make available, to a visually impaired pupil, instruction in Braille reading and writing if required under subdivisions 2 and 3.

Subd. 2. [ASSESSMENT.] A visual assessment of a child identified as a visually impaired child must be done at least once every three years. The person who performs the assessment must be mutually agreed upon by the school district and the parent. The assessment must be in writing and must be used in developing or modifying the individual education plan for the assessed child.

Subd. 3. [SPECIFICS OF INDIVIDUAL EDUCATION PLAN.] If the individual education plan recommends that Braille instruction should be commenced or continued for the assessed child, the plan must specify:

- (1) a reason for recommending Braille instruction;
- (2) how many Braille sessions per week must be provided by the school district;
- (3) the duration of each session;
- (4) how to integrate Braille instruction into the assessed child's regular classroom activities; and
- (5) the special training, if any, that the classroom instructional personnel must have to provide the integrated Braille instruction.

Subd. 4. [BRAILLE IS A SERVICE.] Instruction in Braille reading and writing is a service included in special instruction and services under section 120.17."

Further, amend the title as follows:

Page 1, line 4, delete "blind" and insert "certain visually impaired"

A roll call was requested and properly seconded.

Lasley moved to amend the Minne and McEachern amendment to S. F. No. 911, as follows:

Page 2, after line 6, insert:

"Subd. 5. [NEW TECHNOLOGY.] Where this section refers to "Braille" new technology for instruction in reading and writing for the blind may be substituted."

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

The question recurred on the Minne and McEachern amendment and the roll was called. There were 75 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bennett	Blatz	Carlson, D.	Dauner
Bauerly	Bertram	Brown	Carlson, L.	Dille
Begich	Bishop	Burger	Carruthers	Dorn

Frederick	Kahn	Minne	Price	Stanius
Frerichs	Kalis	Morrison	Redalen	Steensma
Hartle	Kelly	Murphy	Richter	Sviggum
Haukoos	Knickerbocker	Nelson, D.	Rose	Swenson
Heap	Knuth	Nelson, K.	Sarna	Trimble
Himle	Krueger	Neuenschwander	Scheid	Uphus
Hugoson	Lasley	O'Connor	Seaberg	Vellenga
Jacobs	Lieder	Olson, E.	Segal	Voss
Jennings	McDonald	Olson, K.	Simoneau	Waltman
Johnson, A.	McEachern	Omann	Skoglund	Wenzel
Johnson, R.	McKasy	Orenstein	Solberg	Winter
Johnson, V.	Miller	Peterson	Sparby	Wynia

Those who voted in the negative were:

Battaglia	Gutknecht	Nelson, C.	Reding	Tjornhom
Beard	Jaros	Ogren	Rice	Tompkins
Clark	Jefferson	Olsen, S.	Rodosovich	Tunheim
Clausnitzer	Kelso	Onnen	Rukavina	Valento
DeBlieck	Kludt	Otis	Schafer	Vanasek
Dempsey	Larsen	Pappas	Schoenfeld	Wagenius
Forsythe	Long	Pelowski	Schreiber	Welle
Greenfield	Marsh	Poppenhagen	Shaver	
Gruenes	McPherson	Quist	Thiede	

The motion prevailed and the amendment was adopted.

S. F. No. 911, A bill for an act relating to education; requiring school districts to make available instruction in Braille reading and writing to blind pupils; 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dille	Kalis	Miller	Pelowski
Anderson, R.	Dorn	Kelly	Minne	Peterson
Battaglia	Forsythe	Kelso	Munger	Poppenhagen
Bauerly	Frederick	Kinkel	Murphy	Price
Beard	Greenfield	Kludt	Nelson, C.	Quinn
Begich	Gruenes	Knickerbocker	Nelson, D.	Quist
Bennett	Gutknecht	Knuth	Nelson, K.	Redalen
Bertram	Hartle	Kostohryz	Neuenschwander	Reding
Blatz	Haukoos	Krueger	O'Connor	Rest
Brown	Heap	Larsen	Ogren	Rice
Burger	Himle	Lasley	Olsen, S.	Richter
Carlson, D.	Hugoson	Lieder	Olson, E.	Riveness
Carlson, L.	Jacobs	Long	Olson, K.	Rodosovich
Carruthers	Jaros	Marsh	Omann	Rose
Clark	Jefferson	McDonald	Onnen	Rukavina
Clausnitzer	Jennings	McEachern	Orenstein	Sarna
Cooper	Jensen	McKasy	Osthoff	Schafer
Dauner	Johnson, A.	McLaughlin	Otis	Scheid
DeBlieck	Johnson, V.	McPherson	Pappas	Schoenfeld
Dempsey	Kahn	Milbert	Pauly	Schreiber

Seaberg  
Segal  
Shaver  
Simoneau  
Skoglund  
Solberg

Sparby  
Stanius  
Steensma  
Sviggum  
Swenson  
Thiede

Tjornhom  
Tompkins  
Trimble  
Tunheim  
Uphus  
Valento

Vanasek  
Vellenga  
Voss  
Wagenius  
Waltman  
Welle

Wenzel  
Winter  
Wynia  
Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 915 was reported to the House.

Pappas moved to amend S. F. No. 915, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 609.02, is amended by adding a subdivision to read:

Subd. 12. [HARASS.] As used in sections 609.605, subdivision 1, clause (13), 609.746, 609.79, and 609.795, "harass" means to interfere with another person by continued or repeated acts so as to persecute or oppress that person.

Sec. 2. Minnesota Statutes 1986, section 609.02, is amended by adding a subdivision to read:

Subd. 3. [THREATEN.] As used in sections 609.605, subdivision 1, clause (13), 609.746, 609.79, and 609.795, "threaten" means to express a purpose or intent to injure the person, property, or rights of another by the commission of an unlawful act.

Sec. 3. Minnesota Statutes 1986, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] Whoever intentionally does any of the following is guilty of a misdemeanor:

(1) smokes in a building, area, or common carrier in which "no smoking" notices have been prominently posted, or when requested not to by the operator of the common carrier; or

(2) trespasses or permits animals under the actor's control to trespass upon a railroad track; or

(3) permits domestic animals or fowls under the actor's control to go upon the lands of another within a city; or

(4) interferes unlawfully with any monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land; or



(5) trespasses upon the premises of another and, without claim of right, refuses to depart therefrom on demand of the lawful possessor thereof; or

(6) occupies or enters the dwelling of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation. As used in this clause, "dwelling" means the building or part of the building used by an individual as a place of residence on either a full-time or a part-time basis. The dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8; or

(7) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing thereon without the permission of the owner or occupant; or

(8) refuses the request of the operator of a public conveyance to either pay the required fare or leave the conveyance; or

(9) takes any animal on a public conveyance without the consent of the operator; or

(10) without the permission of the owner, tampers with or gets into or upon a motor vehicle as defined in section 609.55, subdivision 1, or rides in or upon such motor vehicle knowing it was taken and is being driven by another without the permission of the owner; or

(11) enters or is found upon the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; or

(12) without authorization of the adjutant general enters or is present upon the Camp Ripley military reservation; or

(13) returns to the property of another with the intent to harass, abuse, or threaten another, after being told to leave the property and not to return, if the actor has no claim of right to the property and no consent of one with authority to consent.

Sec. 4. Minnesota Statutes 1986, section 609.746, is amended to read:

#### 609.746 [INTERFERENCE WITH PRIVACY.]

Subdivision 1. [SURREPTITIOUS INTRUSION.] Any A person who enters upon another's property and surreptitiously gazes, stares, or peeps in the window of a house or place of dwelling of another with intent to intrude upon or interfere with the privacy of a member of the household thereof is guilty of a misdemeanor.

Subd. 2. [INTRUSION ON PRIVACY.] A person who, with the intent to harass, abuse, or threaten another, repeatedly follows or pursues another, after being told not to do so by the person being followed or pursued, is guilty of a misdemeanor. This subdivision does not apply to a member of the news media who repeatedly follows another in a public place for the purpose of gathering information or photographs for a news story.

Sec. 5. Minnesota Statutes 1986, section 609.79, subdivision 1, is amended to read:

Subdivision 1. Whoever,

(1) By means of a telephone,

(a) Makes any comment, request, suggestion or proposal which is obscene, lewd, or lascivious, ~~filthy or indecent,~~

(b) Repeatedly makes a telephone call calls, whether or not conversation ensues, ~~without disclosing the caller's identity and with intent to annoy, abuse, threaten, or harass any person at the called number,~~

(c) Makes or causes the telephone of another repeatedly or continuously to ring, with intent to harass any person at the called number, or

(2) Having control of a telephone, knowingly permits it to be used for any purpose prohibited by this section, shall be guilty of a misdemeanor.

Sec. 6. Minnesota Statutes 1986, section 609.795, is amended to read:

609.795 [~~OPENING SEALED LETTER, TELEGRAM, OR PACKAGE;~~ OPENING; HARASSMENT.]

Whoever does ~~either~~ any of the following is guilty of a misdemeanor:

(1) Knowing that the actor does not have the consent of either the sender or the addressee, intentionally opens any sealed letter, telegram, or package addressed to another; or

(2) Knowing that a sealed letter, telegram, or package has been opened without the consent of either the sender or addressee, intentionally publishes any of the contents thereof; or

(3) With the intent to harass, abuse, or threaten repeatedly uses the mails or delivers letters, telegrams, or packages.

## Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective August 1, 1987, and apply to crimes committed on or after that date.

Delete the title and insert:

"A bill for an act relating to crime; amending trespass law to prohibit harassment on private property; prohibiting following and pursuing with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; prohibiting intentional harassment by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.02, by adding subdivisions; 609.605, subdivision 1; 609.746; 609.79, subdivision 1; and 609.795."

The motion prevailed and the amendment was adopted.

Dempsey moved to amend S. F. No. 915, as amended, as follows:

Page 2, line 14, strike "claim of right" and insert "possessory interest"

Page 2, line 17, strike "claim of right" and insert "possessory interest"

Page 3, after line 11, insert:

"Sec. 4. Minnesota Statutes 1986, section 609.605, is amended by adding a subdivision to read:

Subd. 3. [PENALTY ENHANCEMENT.] (a) A person who violates subdivision 1, clause (5), within five years of a prior conviction under that clause is guilty of a gross misdemeanor.

(b) In addition to any other penalty the court may impose under paragraph (a), the court shall, if the person is not otherwise imprisoned under that paragraph, impose a minimum sentence of imprisonment in a jail or other local correctional facility for 30 days."

Page 4, line 25, delete "6" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "redefining the "claim of right" defense to criminal trespass; requiring a mandatory jail sentence for a second conviction of trespass;"

Page 1, line 11, after "1" insert ", and by adding a subdivision"

A roll call was requested and properly seconded.

The question was taken on the Dempsey amendment and the roll was called. There were 71 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	McEachern	Peterson	Stanius
Anderson, R.	Gutknecht	McKasy	Poppenhagen	Steenma
Beard	Hartle	McPherson	Quist	Svigum
Bennett	Haukoos	Milbert	Redalen	Swenson
Blatz	Heap	Miller	Rest	Thiede
Boo	Himle	Morrison	Richter	Tjornhom
Burger	Hugoson	Neuenschwander	Rodosovich	Tompkins
Carlson, D.	Johnson, R.	Ogren	Rose	Uphus
Carlson, L.	Johnson, V.	Olsen, S.	Schafer	Valento
Clausnitzer	Kalis	Olsen, E.	Scheid	Waltman
Cooper	Kinkel	Omann	Schoenfeld	Wenzel
Dempsey	Knickerbocker	Onnen	Schreiber	
Forsythe	Lieder	Osthoff	Seaberg	
Frederick	Marsh	Pauly	Shaver	
Frerichs	McDonald	Pelowski	Sparby	

Those who voted in the negative were:

Battaglia	Jacobs	Larsen	Orenstein	Skoglund
Bauerly	Jefferson	Lasley	Otis	Solberg
Begich	Jensen	Long	Pappas	Trimble
Bertram	Johnson, A.	McLaughlin	Quinn	Tunheim
Brown	Kahn	Mimne	Reding	Vanasek
Carruthers	Kelly	Munger	Rice	Vellenga
Clark	Kelso	Murphy	Riveness	Voss
Dauner	Kludt	Nelson, C.	Rukavina	Wagenius
DeBlicke	Knuth	Nelson, K.	Sarna	Winter
Dorn	Kostohryz	O'Connor	Segal	Wynia
Greenfield	Krueger	Olson, K.	Simoneau	Spk. Norton

The motion prevailed and the amendment was adopted.

S. F. No. 915, A bill for an act relating to crime; amending trespass law to prohibit harassment on private property; prohibiting following and stalking with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; prohibiting intentional harassment by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.605, subdivision 1; 609.746; 609.79, subdivision 1; and 609.795.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanis
Begich	Heap	McKasy	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Sviggum
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jefferson	Miller	Quist	Tjornhom
Boo	Jennings	Minne	Redalen	Tompkins
Brown	Jensen	Morrison	Reding	Trimble
Burger	Johnson, A.	Munger	Rest	Tunheim
Carlson, D.	Johnson, R.	Murphy	Rice	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Valento
Carruthers	Kahn	Nelson, D.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlick	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knickerbocker	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omman	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1323 which was temporarily laid over earlier today was again reported to the House.

Bishop moved to amend S. F. No. 1323, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 179A.20, subdivision 4, is amended to read:

Subd. 4. [GRIEVANCE PROCEDURE.] All contracts shall include a grievance procedure which shall provide compulsory binding arbitration of grievances including all disciplinary actions. If the parties cannot agree on the grievance procedure, they shall be subject to the grievance procedure promulgated by the director under section 179A.04, subdivision 3, clause (h).

Employees covered by civil service systems created under chapter 43A, 44, 375, 387, 419, or 420, by a home rule charter under chapter 410, or by Laws 1941, chapter 423, or a veteran entitled to a discharge hearing under section 197.46, may pursue a grievance

through the procedure established under this section. When the grievance is also within the jurisdiction of appeals boards or appeals procedures created by chapter 43A, 44, 197, 375, 387, 419, or 420, by a home rule charter under chapter 410, or by Laws 1941, chapter 423, the employee may proceed through the grievance procedure or the civil service or veteran's appeals procedure, but once a written grievance or appeal has been properly filed or submitted by the employee or on the employee's behalf with the employee's consent the employee may not proceed in the alternative manner.

This section does not require employers or employee organizations to negotiate on matters other than terms and conditions of employment.

Sec. 2. Minnesota Statutes 1986, section 197.46, is amended to read:

197.46 [VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.]

Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be entitled to a writ of mandamus to remedy the wrong. No person holding a position by appointment or employment in the several counties, cities, towns, school districts and all other political subdivisions in the state, who is a veteran separated from the military service under honorable conditions, shall be removed from such position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such intent to discharge and of the veteran's right to request a hearing within 60 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day period shall constitute a waiver of the right to a hearing. Such failure shall also waive all other available legal remedies for reinstatement. A hearing under this section shall not be available to a public employee who contests the discharge in a grievance procedure under section 179A.20, subdivision 4.

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person.

In all governmental subdivisions having an established civil service board or commission, or merit system authority, such hearing for removal or discharge shall be held before such civil service board or commission or merit system authority. Where no such civil

service board or commission or merit system authority exists, such hearing shall be held by a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected. In the event the two persons so selected do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board. The veteran may appeal from the decision of the board upon the charges to the district court by causing written notice of appeal, stating the grounds thereof, to be served upon the governmental subdivision or officer making the charges within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, teacher, superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws, charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

Sec. 3. Minnesota Statutes 1986, section 325B.15, is amended to read:

325B.15 [COVERAGE.]

The provisions of sections 325B.01 to 325B.17 shall cover agreements in existence on May 28, 1977, as well as agreements entered into after May 28, 1977.

Sec. 4. [REPEALER.]

Minnesota Statutes 1986, sections 466.03, subdivision 2; 487.39; and 595.04, are repealed.

Delete the title and insert:

“A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity;

amending Minnesota Statutes 1986, sections 179A.20, subdivision 4; 197.46; and 352B.15; repealing Minnesota Statutes 1986, sections 466.03, subdivision 2; 487.39; and 595.04."

The motion prevailed and the amendment was adopted.

Bishop and Rest moved to amend S. F. No. 1323, as amended, as follows:

Page 4, after line 14, insert:

"Sec. 5. Minnesota Statutes 1986, section 466.07, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO INDEMNIFY.] The governing body of any municipality may defend, save harmless, and indemnify any of its officers and employees, whether elective or appointive, against any tort claim or demand, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of duty. Any independent board or commission of the municipality having authority to disburse funds for a particular function without approval of the governing body may similarly defend, save harmless, and indemnify its officers and employees against such tort claims or demands.

Notwithstanding any provisions to the contrary in section 127.03, subdivision 2, or 466.12, this section applies to all school districts, however organized."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1323, A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1986, sections 169.123, subdivision 7; 325B.15; 487.01, subdivisions 2, 3, and 4; 487.21, subdivision 4; 487.23, subdivisions 1, 2, and 3; 487.25, subdivisions 1 and 2; 487.33, subdivision 1; 488A.01, subdivision 14; 488A.18, subdivision 14; 501.35; and 525.712; repealing Minnesota Statutes 1986, sections 466.03, subdivision 2; 487.39; and 595.04.

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 133 yeas and 0 nays as follows:



## Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Begich	Heap	McKasy	Peterson	Steenasma
Bennett	Hugoson	McLaughlin	Poppenhagen	Svigum
Bertram	Jacobs	McPherson	Price	Swenson
Bishop	Jaros	Milbert	Quinn	Thiede
Blatz	Jefferson	Miller	Quist	Tjornhom
Boo	Jennings	Minne	Redalen	Tompkins
Brown	Jensen	Morrison	Reding	Trimble
Burger	Johnson, A.	Munger	Rest	Tunheim
Carlson, D.	Johnson, R.	Murphy	Rice	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Valento
Carruthers	Kahn	Nelson, D.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlieck	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knickerbocker	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omman	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

The bill was passed, as amended, and its title agreed to.

S. F. No. 577 was reported to the House.

There being no objection, S. F. No. 577 was continued on Special Orders for one day.

S. F. No. 1204, A bill for an act relating to community dispute resolution programs; authorizing the state and municipalities to make grants to programs; proposing coding for new law in Minnesota Statutes, chapter 494.

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 133 yeas and 0 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Bishop	Clark	Forsythe	Heap
Anderson, R.	Blatz	Clausnitzer	Frederick	Himle
Battaglia	Boo	Cooper	Frerichs	Hugoson
Bauerly	Brown	Dauner	Greenfield	Jacobs
Beard	Burger	DeBlieck	Gruenes	Jaros
Begich	Carlson, D.	Dempsey	Gutknecht	Jefferson
Bennett	Carlson, L.	Dille	Hartle	Jennings
Bertram	Carruthers	Dorn	Haukoos	Jensen

Johnson, A.	McEachern	Omann	Riveness	Swenson
Johnson, R.	McKasy	Onnen	Rodosovich	Thiede
Johnson, V.	McLaughlin	Orenstein	Rose	Tjornhom
Kahn	McPherson	Osthoff	Rukavina	Tompkins
Kahis	Milbert	Otis	Sarna	Trimble
Kelly	Miller	Ozment	Schafer	Tunheim
Kelso	Minne	Pappas	Scheid	Uphus
Kinkel	Morrison	Pauly	Schoenfeld	Valento
Kludt	Munger	Pelowski	Schreiber	Vanasek
Knickerbocker	Murphy	Peterson	Seaberg	Vellenga
Knuth	Nelson, C.	Poppenhagen	Segal	Voss
Kostohryz	Nelson, D.	Price	Shaver	Waltman
Krueger	Nelson, K.	Quinn	Simoneau	Welle
Larsen	Neuenschwander	Quist	Skoglund	Wenzel
Lasley	O'Connor	Redalen	Solberg	Winter
Lieder	Ogren	Reding	Sparby	Wynia
Long	Olsen, S.	Rest	Stanius	Spk. Norton
Marsh	Olson, E.	Rice	Steensma	
McDonald	Olson, K.	Richter	Sviggum	

The bill was passed and its title agreed to.

S. F. No. 1097 was reported to the House.

Kludt moved to amend S. F. No. 1097, as follows:

Delete everything after the enacting clause and insert:

“Section 1. [611A.037] [RIGHT TO SUBMIT STATEMENT AT SENTENCING.]

Subdivision 1. [IMPACT STATEMENT.] A victim has the right to submit an impact statement, either orally and/or in writing, to the court at the time of sentencing or disposition hearing.

Statements may include the following, subject to reasonable limitations as to time and length:

(1) a summary of the harm or trauma suffered by the victim as a result of the crime;

(2) a summary of the economic loss or damage suffered by the victim as a result of the crime; and

(3) the victim's recommendation for an appropriate sentence or disposition, and the victim's objections, if any, to the proposed sentence or disposition.

Sec. 2. Minnesota Statutes 1986, section 629.72, subdivision 2, is amended to read:

Subd. 2. [JUDICIAL REVIEW; RELEASE; BAIL.] The judge before whom the arrested person is brought shall review the facts surrounding the arrest and detention. The arrested person must be

ordered released pending trial or hearing on the person's personal recognizance or on an order to appear or upon the execution of an unsecured bond in a specified amount unless the judge determines that release (1) will be inimical to public safety, (2) will create a threat of bodily harm to the arrested person, the victim of the alleged assault, or another, or (3) will not reasonably assure the appearance of the arrested person at subsequent proceedings. If the judge determines release is not advisable, the judge may impose any conditions of release that will reasonably assure the appearance of the person for subsequent proceedings, or will protect the victim of the alleged assault, or may fix the amount of money bail without other conditions upon which the arrested person may obtain release. If conditions of release are imposed, the judge shall issue a written order for conditional release. The court administrator shall immediately distribute a copy of the order for conditional release to the agency having custody of the arrested person and shall provide the agency having custody of the arrested person with any available information on the location of the victim in a manner that protects the victim's safety. Either the court or its designee or the agency having custody of the arrested person shall serve upon the defendant a copy of the order. Failure to serve the arrested person with a copy of the order for conditional release does not invalidate the conditions of release.

Sec. 3. Minnesota Statutes 1986, section 629.72, is amended by adding a subdivision to read:

Subd. 5. [VIOLATIONS OF CONDITIONS OF RELEASE.] The judge who released the arrested person shall issue a warrant directing that the person be arrested and taken immediately before the judge, if:

(1) the judge receives an application alleging that the arrested person has violated the conditions of release; and

(2) the judge finds that probable cause exists to believe that the conditions of release have been violated.

Sec. 4. Minnesota Statutes 1986, section 629.72, is amended by adding a subdivision to read:

Subd. 6. [NOTICE TO VICTIM REGARDING RELEASE OF ARRESTED PERSON.] (a) Immediately after the issuance of a citation in lieu of continued detention under subdivision 1, or the entry of an order for release under subdivision 2, but before the arrested person is released, the agency having custody of the arrested person or its designee must make a reasonable and good faith effort to inform orally the alleged victim of:

- (1) the conditions of release, if any;
- (2) the time of release;
- (3) the time, date, and place of the next scheduled court appearance of the arrested person and the victim's right to be present at the court appearance; and
- (4) the location and telephone number of the area battered women's shelter as designated by the department of corrections.

(b) As soon as practicable after an order for conditional release is entered, the agency having custody of the arrested person or its designee must personally deliver or mail to the alleged victim a copy of the written order and written notice of the information in clauses (2) and (3).

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1987. Sections 2 to 4 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; permitting victims to submit an impact statement to the court; requiring courts to issue written orders for conditional release; requiring arrest on violation of conditions of release; providing for notice to alleged victims of conditions of release; amending Minnesota Statutes 1986, section 629.72, subdivision 2, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 611A."

The motion prevailed and the amendment was adopted.

Kludt moved to amend S. F. No. 1097, as amended, as follows:

Page 1, delete section 1

Page 3, line 25, delete everything through the period and delete "2 to 4" and insert "1 to 3"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before the semicolon and insert "domestic assault"

Page 1, line 9, delete everything after "subdivisions"

Page 1, line 10, delete everything before the period

The motion prevailed and the amendment was adopted.

S. F. No. 1097, A bill for an act relating to crimes; domestic assault; requiring courts to issue written orders for conditional release; requiring arrest on violation of conditions of release; providing for notice to alleged victims of conditions of release; amending Minnesota Statutes 1986, section 629.72, subdivision 2, and by adding subdivisions.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Otis	Simoneau
Anderson, R.	Gutknecht	Long	Ozment	Skoglund
Battaglia	Hartle	Marsh	Pappas	Solberg
Bauerly	Haukoos	McDonald	Pauly	Sparby
Beard	Heap	McEachern	Pelowski	Stanius
Begich	Himle	McKasy	Peterson	Steenasma
Bennett	Hugoson	McLaughlin	Poppenhagen	Svigum
Bertram	Jacobs	McPherson	Price	Swenson
Bishop	Jaros	Milbert	Quinn	Thiede
Blatz	Jefferson	Miller	Quist	Tjornhom
Boo	Jennings	Minne	Redalen	Torpkins
Brown	Jensen	Morrison	Reding	Trimble
Burger	Johnson, A.	Munger	Rest	Tunheim
Carlson, D.	Johnson, R.	Murphy	Rice	Uphus
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Valento
Carruthers	Kahn	Nelson, D.	Riveness	Vanasek
Clark	Kalis	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rose	Voss
Cooper	Kelso	O'Connor	Rukavina	Wagenius
Dauner	Kinkel	Ogren	Sarna	Waltman
DeBlieck	Kludt	Olsen, S.	Schafer	Welle
Dempsey	Knickerbocker	Olson, E.	Scheid	Wenzel
Dille	Knuth	Olson, K.	Schoenfeld	Winter
Dorn	Kostohryz	Omann	Schreiber	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Shaver	

The bill was passed, as amended, and its title agreed to.

Vanasek 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.

Dempsey was excused between the hours of 1:20 p.m. and 3:45 p.m.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 353:

Nelson, D.; Pauly and Larsen.

REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Thursday, May 7, 1987:

S. F. No. 1261; H. F. No. 350; S. F. No. 555; H. F. Nos. 1104, 1189 and 663; S. F. No. 607; H. F. No. 65; S. F. No. 948; H. F. No. 1496; S. F. No. 1296; H. F. No. 1283; S. F. Nos. 494, 833, 406, 378, 743, 830, 800, 1053 and 300.

SPECIAL ORDERS

S. F. No. 1261 was reported to the House.

Simoneau moved to amend S. F. No. 1261, as follows:

Page 2, after line 23, insert:

"Sec. 4. Minnesota Statutes 1986, section 515A.2-110, is amended to read:

515A.2-110 [CONDOMINIUM PLATS.]

(a) Condominium plats are a part of the declaration. The condominium plat shall contain a certification by a registered professional land surveyor or registered professional architect, as to the parts of the plat prepared by each, that the condominium plat accurately depicts all information required by this section. The portions of the condominium plat depicting the dimensions of the portions of the condominium described in paragraphs (b)(3), (8), (9), (10), and (11), may be prepared by either a land surveyor or an architect. The other portions of the plat shall be prepared only by a land surveyor. All measurements shall be undertaken in accordance with good professional practice. The certification shall indicate that the work was undertaken by or under the supervision of the certifying architect or land surveyor. Certification by the architect or land surveyor does not constitute a guaranty or warranty of the nature, suitability, or quality of construction of the condominium.

(b) Each condominium plat shall show:

(1) the number of the condominium and the boundaries and dimensions of the land included in the condominium;

(2) the dimensions and location of all existing structural improvements and roadways;

(3) the intended location and dimensions of any contemplated common element improvements to be constructed within the condominium labeled either "MUST BE BUILT" or "NEED NOT BE BUILT";

(4) the location and dimensions of any additional real estate, labeled as such;

(5) the extent of any encroachments by or upon any portion of the condominium;

(6) the location and dimensions of all recorded easements within the condominium serving or burdening any portion of the condominium;

(7) the distance between noncontiguous parcels of real estate;

(8) the location and dimensions of limited common elements, including porches, balconies and patios, other than limited common elements described in section 515A.2-102(2) and (4);

(9) the location and dimensions of the vertical boundaries of each unit and that unit's identifying number;

(10) the location and dimensions of the horizontal unit boundaries with reference to established or assumed datum and that unit's identifying number;

(11) any units which may be converted by the declarant to create additional units or common elements (section 515A.2-115) identified separately.

(c) When adding additional real estate (section 515A.2-111), the declarant shall record supplemental condominium plats for that real estate conforming to the requirements of subsection (b). If less than all additional real estate is being added, the supplemental condominium plats shall also show the location and dimensions of the remaining portion.

(d) If a declarant subdivides or converts any unit into two or more units, common elements or limited common elements (section 515A.2-115), the declarant shall record an amendment to the condominium plat showing the location and dimensions of any new units, common elements and limited common elements thus created."

Amend the title as follows:

Page 1, line 2, delete "state building code" and insert "real estate"

Page 1, line 3, after the semicolon insert "allowing architects to prepare portions of condominium plats;"

Page 1, line 5, delete the second "and" and after "16B.71" insert "and 515A.2-110"

The motion prevailed and the amendment was adopted.

DeBlieck moved that S. F. No. 1261, as amended, be temporarily laid over on Special Orders. The motion prevailed.

The Speaker called Simoneau to the Chair.

H. F. No. 350 was reported to the House.

Bishop moved to amend H. F. No. 350, the first engrossment, as follows:

Pages 1 to 2, delete sections 1 and 2; and insert:



"Section 1. Minnesota Statutes 1986, section 609.195, is amended to read:

609.195 [MURDER IN THE THIRD DEGREE.]

(a) Whoever, without intent to effect the death of any person, causes the death of another by perpetrating an act eminently dangerous to others and evincing a depraved mind, without regard for human life, is guilty of murder in the third degree and may be sentenced to imprisonment for not more than 25 years.

(b) Whoever, without intent to cause death, proximately causes the death of a human being by, directly or indirectly, unlawfully selling, giving away, bartering, delivering, exchanging, distributing, or administering a controlled substance classified in schedule I or II, is guilty of murder in the third degree and may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than \$40,000, or both.

Renumber the remaining sections

Amend the title as follows:

Page 1, line 3, delete "second" and insert "third"

Page 1, line 8, delete "609.19" and insert "609.195"

Page 1, line 10, delete "chapters 152 and" and insert "chapter"

The motion prevailed and the amendment was adopted.

H. F. No. 350, A bill for an act relating to crime; extending the crimes of murder in the third degree and manslaughter in the first degree to deaths caused by the sale or distribution of controlled substances; making it a felony to cause great bodily harm by selling or distributing certain controlled substances; imposing penalties; amending Minnesota Statutes 1986, sections 609.195; and 609.20; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bauerly	Bennett	Blatz	Burger
Anderson, R.	Beard	Bertram	Boo	Carlson, D.
Battaglia	Begich	Bishop	Brown	Carlson, L.

Carruthers	Johnson, R.	Miller	Peterson	Solberg
Clark	Johnson, V.	Minne	Poppenhagen	Sparby
Clausnitzer	Kahn	Morrison	Price	Stanius
Cooper	Kalis	Munger	Quinn	Steensma
Dauner	Kelly	Murphy	Quist	Swiggum
DeBlieck	Kelso	Nelson, C.	Redalen	Swenson
Dille	Kinkel	Nelson, D.	Reding	Thiede
Dorn	Kludt	Nelson, K.	Rest	Tjornhom
Forsythe	Knickerbocker	Neuenschwander	Rice	Tompkins
Frederick	Knuth	O'Connor	Richter	Trimble
Frerichs	Kostohryz	Ogren	Riveness	Tunheim
Greenfield	Krueger	Olsen, S.	Rodosovich	Uphus
Gruenes	Larsen	Olson, E.	Rose	Valento
Gutknecht	Lasley	Olson, K.	Sarna	Vanasek
Hartle	Lieder	Omann	Schafer	Vellenga
Haukoos	Long	Onnen	Scheid	Voss
Heap	Marsh	Orenstein	Schoenfeld	Wagenius
Himle	McDonald	Osthoff	Schreiber	Waltman
Hugoson	McEachern	Otis	Seaberg	Welle
Jacobs	McKasy	Ozment	Segal	Wenzel
Jefferson	McLaughlin	Pappas	Shaver	Winter
Jensen	McPherson	Pauly	Simoneau	Wynia
Johnson, A.	Milbert	Pelowski	Skoglund	Spk. Norton

The bill was passed, as amended, and its title agreed to.

S. F. No. 555 was reported to the House.

There being no objection, S. F. No. 555 was continued on Special Orders for one day.

H. F. No. 1104, A bill for an act relating to veterans; establishing a veterans advisory committee; proposing coding for new law in Minnesota Statutes, chapter 198.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carruthers	Heap	Kinkel	McPherson
Anderson, R.	Clark	Himle	Kludt	Milbert
Battaglia	Clausnitzer	Hugoson	Knickerbocker	Miller
Bauerly	Cooper	Jacobs	Knuth	Minne
Beard	Dauner	Jaros	Kostohryz	Morrison
Begich	Dille	Jefferson	Krueger	Munger
Bennett	Dorn	Jennings	Larsen	Murphy
Bertram	Forsythe	Jensen	Lasley	Nelson, C.
Bishop	Frederick	Johnson, A.	Lieder	Nelson, D.
Blatz	Frerichs	Johnson, R.	Long	Nelson, K.
Boo	Greenfield	Johnson, V.	Marsh	Neuenschwander
Brown	Gruenes	Kahn	McDonald	O'Connor
Burger	Gutknecht	Kalis	McEachern	Ogren
Carlson, D.	Hartle	Kelly	McKasy	Olson, E.
Carlson, L.	Haukoos	Kelso	McLaughlin	Olson, K.

Omann	Quinn	Schafer	Steensma	Voss
Onnen	Quist	Scheid	Sviggum	Wagenius
Orenstein	Redalen	Schoenfeld	Swenson	Waltman
Osthoff	Reding	Schreiber	Thiede	Welle
Otis	Rest	Seaberg	Tjornhom	Wenzel
Ozment	Rice	Segal	Tompkins	Winter
Pappas	Richter	Shaver	Trimble	Wynia
Pauly	Riveness	Simoneau	Tunheim	Spk. Norton
Pelowski	Rodosovich	Skoglund	Uphus	
Peterson	Rose	Solberg	Valento	
Poppenhagen	Rukavina	Sparby	Vanasek	
Price	Sarna	Stanius	Vellenga	

The bill was passed and its title agreed to.

H. F. No. 1189, A resolution memorializing the United States Congress to amend the Employment Retirement Security Act to permit the direct regulation of self-insured health care plans.

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 16 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Orenstein	Segal
Anderson, R.	Hartle	Lieder	Osthoff	Shaver
Battaglia	Heap	Long	Otis	Simoneau
Bauerly	Himle	Marsh	Ozment	Skoglund
Beard	Jacobs	McDonald	Pappas	Solberg
Begich	Jaros	McEachern	Pauly	Sparby
Bennett	Jefferson	McKasy	Pelowski	Stanius
Bertram	Jennings	McLaughlin	Peterson	Steensma
Blatz	Jensen	Milbert	Price	Swenson
Boo	Johnson, A.	Minne	Quinn	Tjornhom
Brown	Johnson, R.	Morrison	Redalen	Tompkins
Burger	Johnson, V.	Munger	Reding	Trimble
Carlson, D.	Kahn	Murphy	Rest	Tunheim
Carlson, L.	Kalis	Nelson, C.	Rice	Uphus
Carruthers	Kelly	Nelson, D.	Riveness	Valento
Clark	Kelso	Nelson, K.	Rodosovich	Vanasek
Cooper	Kinkel	Neuenschwander	Rose	Vellenga
Dauner	Kludt	O'Connor	Rukavina	Voss
DeBlicck	Knickerbocker	Ogren	Sarna	Wagenius
Dille	Knuth	Olsen, S.	Scheid	Welle
Dorn	Kostohryz	Olson, E.	Schoenfeld	Wenzel
Forsythe	Krueger	Olson, K.	Schreiber	Winter
Greenfield	Larsen	Omann	Seaberg	Wynia

Those who voted in the negative were:

Clausnitzer	Gutknecht	McPherson	Poppenhagen	Schafer
Frederick	Haukoos	Miller	Quist	Sviggum
Frerichs	Hugoson	Onnen	Richter	Thiede
				Waltman

The bill was passed and its title agreed to.

H. F. No. 663 was reported to the House.

Wenzel, Kelso, Cooper, Swenson, Thiede, Winter, Beard, Sarna, McEachern and Steensma moved to amend H. F. No. 663, the first engrossment, as follows:

Page 1, line 24, after "spontaneously" insert "at a hospital, clinic, or medical facility"

A roll call was requested and properly seconded.

The question was taken on the Wenzel et al amendment and the roll was called.

There were 91 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Lieder	Onnen	Schreiber
Battaglia	Gruenes	Marsh	Osthoff	Seaberg
Bauerly	Gutknecht	McDonald	Pauly	Solberg
Beard	Haukoos	McEachern	Pelowski	Sparby
Begich	Heap	McKasy	Peterson	Stanius
Bennett	Hugoson	McPherson	Poppenhagen	Steensma
Bertram	Jacobs	Milbert	Price	Sviggum
Blatz	Jensen	Miller	Quinn	Swenson
Boo	Johnson, R.	Morrison	Quist	Thiede
Brown	Johnson, V.	Murphy	Redalen	Tjornhom
Burger	Kalis	Nelson, C.	Reding	Tompkins
Carlson, D.	Kelly	Neuenschwander	Rest	Tunheim
Carlson, L.	Kelso	O'Connor	Richter	Uphus
Clausnitzer	Kinkel	Ogren	Rose	Valento
Cooper	Kludt	Olsen, S.	Sarna	Vanasek
Dauner	Knickerbocker	Olson, E.	Schafer	Voss
Dille	Krueger	Olson, K.	Scheid	Waltman
Frederick	Larsen	Omann	Schoenfeld	Wenzel
				Winter

Those who voted in the negative were:

Anderson, G.	Hartle	Knuth	Rodosovich	Wagenius
Bishop	Himle	Kostohryz	Rukavina	Welle
Carruthers	Jaros	Long	Segal	Wynia
Clark	Jefferson	McLaughlin	Shaver	Spk. Norton
Dorn	Jennings	Minne	Simoneau	
Forsythe	Johnson, A.	Orenstein	Skoglund	
Greenfield	Kahn	Pappas	Trimble	

The motion prevailed and the amendment was adopted.

Speaker Norton was excused between the hours of 2:30 p.m. and 6:00 p.m.

H. F. No. 663, A bill for an act relating to health; providing for disposition of the remains of human fetuses; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 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. There were 106 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	Lasley	Pauly	Solberg
Battaglia	Gutknecht	Lieder	Pelowski	Sparby
Bauerly	Hartle	Marsh	Peterson	Stanius
Beard	Haukoos	McDonald	Poppenhagen	Steensma
Begich	Heap	McEachern	Price	Sviggum
Bennett	Himle	McKasy	Quinn	Swenson
Bertram	Hugoson	McPherson	Quist	Thiede
Blatz	Jacobs	Milbert	Redalen	Tjornhom
Boo	Jennings	Miller	Reding	Tompkins
Brown	Jensen	Morrison	Rest	Tunheim
Burger	Johnson, R.	Murphy	Rice	Uphus
Carlson, D.	Johnson, V.	Nelson, C.	Richter	Valento
Carlson, L.	Kalis	Nelson, D.	Riveness	Vanasek
Carruthers	Kelly	Neuenschwander	Rodosovich	Voss
Clausnitzer	Kelso	O'Connor	Rose	Waltman
Cooper	Kinkel	Ogren	Sarna	Welle
Dauner	Kludt	Olsen, S.	Schafer	Wenzel
DeBlieck	Knickerbocker	Olson, E.	Scheid	Winter
Dille	Knuth	Omann	Schoenfeld	
Dorn	Kostohryz	Onnen	Schreiber	
Frederick	Krueger	Osthoff	Seaberg	
Frerichs	Larsen	Ozment	Shaver	

Those who voted in the negative were:

Anderson, G.	Jefferson	McLaughlin	Orenstein	Skoglund
Clark	Johnson, A.	Munger	Pappas	Trimble
Greenfield	Kahn	Nelson, K.	Segal	Vellenga
Jaros	Long	Olson, K.	Simoneau	Wagenius

The bill was passed, as amended, and its title agreed to.

S. F. No. 607 was reported to the House.

There being no objection, S. F. No. 607 was continued on Special Orders for one day.

H. F. No. 65 was reported to the House.

There being no objection, H. F. No. 65 was continued on Special Orders for one day.

S. F. No. 948 was reported to the House.

Greenfield moved to amend S. F. No. 948, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 609.347, is amended to read:

609.347 [EVIDENCE.]

Subdivision 1. In a prosecution under sections 609.342 to 609.346, the testimony of a complainant victim need not be corroborated.

Subd. 2. In a prosecution under sections 609.342 to 609.346, there is no need to show that the complainant victim resisted the actor accused.

Subd. 3. In a prosecution under sections 609.342 to 609.346 or 609.365, evidence of the complainant's victim's previous sexual conduct shall not be admitted nor shall any reference to such conduct be made in the presence of the jury, except by court order under the procedure provided in subdivision 4, and only to the extent that the court finds that any of the following proposed evidence is material to the fact at issue in the case and that its inflammatory or prejudicial nature does not outweigh its probative value. The evidence can be admitted only if the probative value of the evidence is not substantially outweighed by its inflammatory or prejudicial nature and only in the circumstances set out in paragraphs (a) and (b). For the evidence to be admissible under paragraph (a), subsection (i), the judge must find by a preponderance of the evidence that the facts set out in the accused's offer of proof are true. For the evidence to be admissible under paragraph (a), subsection (ii) or paragraph (b), the judge must find that the evidence is sufficient to support a finding that the facts set out in the accused's offer of proof are true, as provided under Rule 901 of the Rules of Evidence.

(a) When consent or fabrication by the complainant of the victim is the a defense in the case, the following evidence of such is admissible:

(i) evidence of the victim's previous sexual conduct tending to establish a common scheme or plan of similar sexual conduct under circumstances similar to the case at issue on the part of the complainant, relevant and material to the issue of consent or fabrication. Evidence of such conduct engaged in more than one year prior to the date of alleged offense is inadmissible. In order to find a common scheme or plan, the judge must find that the victim made prior allegations of sexual assault which were fabricated; and

(ii) evidence of the victim's previous sexual conduct with the accused.

(b) When the prosecution's case includes evidence of specific instances of sexual activity showing the source of semen, pregnancy, or disease at the time of the incident or, in the case of pregnancy, between the time of the incident and trial ; evidence of specific instances of the victim's previous sexual conduct is admissible solely to show the source of the semen, pregnancy, or disease.

(c) Evidence of the complainant's past sexual conduct with the defendant;

(d) For purposes of impeachment, when such evidence is offered to rebut specific testimony of the complainant.

Subd. 4. The defendant accused may not offer evidence described in subdivision 3 except pursuant to the following procedure:

(a) A motion shall be made by the defendant accused at least three business days prior to trial, unless later for good cause shown, stating to the court and prosecutor that the defendant has an setting out with particularity the offer of proof of the relevancy of the evidence of that the accused intends to offer, relative to the previous sexual conduct of the complainant which is proposed to be presented victim;

(b) If the court finds that deems the offer of proof is sufficient, the court shall order a hearing out of the presence of the jury, if any, and in such hearing shall allow the defendant accused to make a full presentation of the offer of proof;

(c) At the conclusion of the hearing, if the court finds that the evidence proposed to be offered by the defendant accused regarding the previous sexual conduct of the complainant victim is relevant and material to the fact of consent, admissible under subdivision 3 and is not so prejudicial as to be inadmissible that its probative value is not substantially outweighed by its inflammatory or prejudicial nature, the court shall make an order stating the extent to which evidence is admissible under subdivision 3 and prescribing the nature of questions to be permitted at trial. The defendant accused may then offer evidence pursuant to the order of the court;

(d) If new information is discovered after the date of the hearing or during the course of trial, which may make evidence described in subdivision 3 admissible, the defendant shall accused may make the disclosures under an offer of proof pursuant to clause (a) of this subdivision and the court shall order an in camera hearing to determine whether the proposed evidence is admissible by the standards herein.

Subd. 5. In a prosecution under sections 609.342 to 609.346, the court shall not instruct the jury to the effect that:

(a) It may be inferred that a complainant victim who has previously consented to sexual intercourse with persons other than the defendant accused would be therefore more likely to consent to sexual intercourse again; or

(b) The complainant's victim's previous or subsequent sexual conduct in and of itself may be considered in determining the credibility of the complainant victim; or

(c) Criminal sexual conduct is a crime easily charged by a complainant victim but very difficult to disprove by a defendant an accused because of the heinous nature of the crime; or

(d) The jury should scrutinize the testimony of the complainant victim any more closely than it should scrutinize the testimony of any witness in any felony prosecution.

Subd. 6. (a) In a prosecution under sections 609.342 to 609.346 involving a psychotherapist and patient, evidence of the patient's personal or medical history is not admissible except when:

(1) the defendant accused requests a hearing at least three business days 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 value.

(b) The court shall allow the admission only of specific information or examples of conduct of the complainant victim 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 evidence of the history may be introduced.

(c) Violation of the terms of the order is grounds for mistrial but does not prevent the retrial of the defendant accused.

Subd. 7. [EFFECT OF STATUTE ON RULES.] Rule 404, paragraph (c) of the Rules of Evidence is superseded to the extent of its conflict with this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1987, and applies to proceedings commenced on or after that date.

Amend the title as follows:



Page 1, line 5, after the semicolon, insert "making certain statutory changes for the purpose of consistency with the rules of evidence;"

Page 1, line 6, delete everything after "609.347" and insert a period

Page 1, delete line 7

The motion prevailed and the amendment was adopted.

S. F. No. 948, A bill for an act relating to crimes; permitting evidence showing a tendency to fabricate allegations of sexual assault; requiring three days' notice of intent to introduce evidence of victim's prior sexual conduct; amending Minnesota Statutes 1986, section 609.347, subdivisions 3, 4, and 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Marsh	Pauly	Simoneau
Anderson, R.	Gruenes	McDonald	Pelowski	Skoglund
Battaglia	Gutknecht	McEachern	Peterson	Solberg
Bauerly	Hartle	McKasy	Poppenhagen	Sparby
Beard	Haukoos	McLaughlin	Price	Stanius
Begich	Heap	McPherson	Quinn	Steensma
Bennett	Hugoson	Milbert	Quist	Sviggum
Bertram	Jacobs	Miller	Redalen	Swenson
Bishop	Jefferson	Morrison	Reding	Thiede
Blatz	Jennings	Munger	Rest	Tjornhom
Brown	Jensen	Murphy	Rice	Tompkins
Burger	Johnson, R.	Nelson, D.	Richter	Trimble
Carlson, D.	Johnson, V.	Nelson, K.	Riveness	Tunheim
Carlson, L.	Kahn	Neuenschwander	Rodosovich	Uphus
Carruthers	Kalis	O'Connor	Rose	Valento
Clark	Kelly	Ogren	Rukavina	Vellenga
Clausnitzer	Kludt	Olsen, S.	Sarna	Voss
Cooper	Knickerbocker	Olson, E.	Schafer	Wagenius
Dauner	Knuth	Olson, K.	Scheid	Waltman
DeBlieck	Kostohryz	Omann	Schoenfeld	Welle
Dille	Larsen	Onnen	Schreiber	Wenzel
Dorn	Lasley	Orenstein	Seaberg	Winter
Forsythe	Lieder	Ozment	Segal	Wynia
Frederick	Long	Pappas	Shaver	

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees.

**REPORTS OF STANDING COMMITTEES**

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 915, A bill for an act relating to environment; authorizing an assessment against public utilities to finance the state costs of controlling acid deposition; amending Minnesota Statutes 1986, section 116C.69, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 17, after "utilities" insert "with retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year" and delete the new language

Page 1, line 18, delete "assessment due would be less than \$50."

Page 1, line 23, before "and" insert ", reprinting informational booklets on acid rain,"

Page 2, line 7, after the period insert "A work plan and budget shall then be submitted annually to the legislative commission on Minnesota resources for approval before an assessment is levied."

Page 2, line 10, strike "such" and insert "these"

Page 2, line 14, strike "such" and insert "these"

Page 2, line 26, before "and" insert ", reprinting informational booklets on acid rain,"

With the recommendation that when so amended the bill pass:

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 916, A bill for an act relating to state government; amending, creating, and deleting various duties of the commissioner of administration; creating the productivity loan fund; providing definitions; requiring interest earned on the revolving fund for vocational rehabilitation of the blind to be credited to the fund; amending Minnesota Statutes 1986, sections 4.31, subdivisions 1, 5, and by adding a subdivision; 14.04; 16B.06, subdivision 4; 16B.08, subdivisions 3 and 7; 16B.09, subdivision 1; 16B.17, subdivision 2; 16B.24, subdivision 6; 16B.29; 16B.39, by adding a subdivision;

16B.51, subdivision 3; 138.17, subdivision 7; 139.19; 248.07, subdivision 8; and Laws 1979, chapter 333, section 18; proposing coding for new law in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1986, sections 16B.39, subdivision 1; and 138.22.

Reported the same back with the following amendments:

Page 1, line 29, before "The" insert "The director shall remain in the unclassified service."

Page 8, line 3, delete "systems" and insert "services"

Page 8, line 6, delete "systems" and insert "services"

Page 8, line 9, delete "systems" and insert "services"

Page 19, delete section 23

Page 19, line 27, after "6," insert "10," and after "11," insert "12, 13,"

Page 19, line 27, delete "and" and after "16" insert ", and 20"

Renumber the remaining sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1030, A bill for an act relating to water pollution; providing for grants and loans for the construction and rehabilitation of wastewater treatment facilities and systems; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1986, sections 116.16, subdivision 5; 116.167; 116.18, subdivisions 2a, 3a, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Page 9, delete section 8

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.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 915, 916 and 1030 were read for the second time.

### SPECIAL ORDERS, Continued

H. F. No. 1496 was reported to the House.

Clark moved to amend H. F. No. 1496, the first engrossment, as follows:

Page 4, line 10, strike "and" and insert "For the medical assistance and AFDC programs, disallowances"

Page 4, lines 11, 12, and 13, delete the new language and reinstate the stricken language

Page 4, line 13, strike "that"

Page 4, line 14, strike "program" and insert "the AFDC and medical assistance programs"

Page 4, line 14, after the period insert "For the food stamp program, disallowances shall be shared by each county board with 50 percent of the disallowance being distributed to each county in the same proportion as that county's administrative costs are to the total of all food stamp administrative costs for all counties and 50 percent of the disallowances being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties."

Page 5, line 6, delete "1987" and insert "1988"

The motion prevailed and the amendment was adopted.

Clark moved that H. F. No. 1496, as amended, be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 1296, A bill for an act relating to Gillette Children's Hospital; clarifying the hospital's exemption from certain tax pro-

visions; amending Minnesota Statutes 1986, section 250.05, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Long	Ozment	Shaver
Anderson, R.	Haukoos	Marsh	Pappas	Simoneau
Battaglia	Heap	McDonald	Pauly	Skoglund
Bauerly	Himle	McEachern	Pelowski	Solberg
Beard	Hugoson	McKasy	Peterson	Sparby
Begich	Jacobs	McLaughlin	Poppenhagen	Stanius
Bennett	Jaros	McPherson	Price	Steensma
Bertram	Jennings	Milbert	Quinn	Sviggum
Blatz	Jensen	Miller	Quist	Swenson
Brown	Johnson, A.	Minne	Redalin	Thiede
Burger	Johnson, R.	Morrison	Reding	Tjornhom
Carlson, D.	Johnson, V.	Munger	Rest	Tompkins
Carlson, L.	Kahn	Murphy	Rice	Trimble
Carruthers	Kalis	Nelson, C.	Richter	Tunheim
Clark	Kelly	Nelson, D.	Riveness	Uphus
Clausnitzer	Kelso	Nelson, K.	Rodosovich	Valento
Cooper	Kinkel	Neuenschwander	Rose	Vanasek
Dauner	Kludt	Ogren	Rukavina	Vellenga
DeBlick	Knickerbocker	Olsen, S.	Sarna	Voss
Dille	Knuth	Olsen, E.	Schafer	Wagenius
Dorn	Kostohryz	Olson, K.	Scheid	Waltman
Forsythe	Krueger	Omman	Schoenfeld	Welle
Frederick	Larsen	Onnen	Schreiber	Wenzel
Gruenes	Lasley	Orenstein	Seaberg	Winter
Gutknecht	Lieder	Otis	Segal	Wynia

The bill was passed and its title agreed to.

H. F. No. 1283 was reported to the House.

Skoglund, Dille, Kahn and Quist offered an amendment to H. F. No. 1283, the first engrossment.

#### POINT OF ORDER

Clausnitzer raised a point of order pursuant to rule 3.9 that the Skoglund et al amendment was not in order. Speaker pro tempore Simoneau ruled the point of order well taken and the amendment out of order.

Speaker pro tempore Simoneau called Anderson, G., to the Chair.

Skoglund, Dille, Kahn and Quist offered an amendment to H. F. No. 1283, the first engrossment.

#### POINT OF ORDER

Johnson, R., raised a point of order pursuant to rule 3.9 that the Skoglund et al amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order well taken and the amendment out of order.

H. F. No. 1283, A bill for an act relating to health; prohibiting smoking in day care centers and health care facilities; amending Minnesota Statutes 1986, sections 144.412; and 144.414.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 114 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Greenfield	Krueger	Orenstein	Shaver
Battaglia	Gruenes	Larsen	Osthoff	Simoneau
Bauerly	Gutknecht	Lasley	Otis	Skoglund
Beard	Hartle	Lieder	Ozment	Stanius
Begich	Haukoos	Marsh	Pappas	Steensma
Bennett	Heap	McDonald	Pauly	Sviggum
Bertram	Himle	McKasy	Pelowski	Swenson
Bishop	Hugoson	McLaughlin	Peterson	Tjornhom
Blatz	Jaros	McPherson	Poppenhagen	Tompkins
Boo	Jefferson	Milbert	Price	Trimble
Brown	Jennings	Miller	Quist	Tunheim
Burger	Jensen	Morrison	Redalen	Uphus
Carlson, D.	Johnson, A.	Munger	Reding	Valento
Carlson, L.	Johnson, R.	Murphy	Rest	Vanasek
Clark	Kahn	Nelson, D.	Rice	Vellenga
Clausnitzer	Kalis	Nelson, K.	Richter	Voss
Cooper	Kelly	Neuenschwander	Riveness	Wagenius
Dauner	Kelso	Ogren	Rodosovich	Waltman
Dille	Kinkel	Olsen, S.	Rose	Welle
Dorn	Kludt	Olsen, E.	Rukavina	Wenzel
Forsythe	Knickerbocker	Olson, K.	Schoenfeld	Winter
Frederick	Knuth	Omann	Seaberg	Wynia
Frerichs	Kostohryz	Onnen	Segal	

Those who voted in the negative were:

Carruthers	McEachern	O'Connor	Scheid	Sparby
Dempsey	Minne	Quinn	Schreiber	Thiede
Jacobs	Nelson, C.	Schafer	Solberg	

The bill was passed and its title agreed to.

S. F. No. 494, A bill for an act relating to the Duluth airport authority; providing that authority employees hired after a certain date are not covered by any civil service system.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Orenstein	Shaver
Anderson, R.	Greenfield	Lieder	Osthoff	Skoglund
Battaglia	Gruenes	Long	Otis	Solberg
Bauerly	Gutknecht	Marsh	Ozment	Sparby
Beard	Hartle	McDonald	Pauly	Stanius
Begich	Haukoos	McEachern	Pelowski	Steensma
Bennett	Heap	McKasy	Peterson	Sviggum
Bertram	Himle	McLaughlin	Poppenhagen	Swenson
Bishop	Hugoson	McPherson	Price	Thiede
Blatz	Jacobs	Milbert	Quinn	Tjornhom
Boo	Jaros	Miller	Redalen	Tompkins
Brown	Jennings	Minne	Reding	Tunheim
Burger	Jensen	Morrison	Rest	Uphus
Carlson, D.	Johnson, A.	Munger	Rice	Valento
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Vanasek
Clark	Kalis	Nelson, D.	Riveness	Vellenga
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Wagenius
Cooper	Kelso	Neuenschwander	Rose	Waltman
Dauner	Kinkel	O'Connor	Rukavina	Welle
DeBlieck	Kludt	Ogren	Sarna	Wenzel
Dempsey	Knickerbocker	Olsen, S.	Schafer	Winter
Dille	Knuth	Olson, E.	Scheid	Wynia
Dorn	Kostohryz	Olson, K.	Schoenfeld	
Forsythe	Krueger	Omann	Schreiber	
Frederick	Larsen	Onnen	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 833, A bill for an act relating to insurance; regulating trade practices; authorizing the payment of differing amounts of reimbursement to insured under individual policies; amending Minnesota Statutes 1986, section 72A.20, subdivision 15.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Blatz	Carlson, D.	Cooper
Anderson, R.	Bennett	Boo	Carlson, L.	DeBlieck
Battaglia	Bertram	Brown	Carruthers	Dempsey
Bauerly	Bishop	Burger	Clausnitzer	Dille

Dorn	Kelly	Munger	Price	Sparby
Forsythe	Kelso	Murphy	Quist	Stanius
Frederick	Kinkel	Nelson, C.	Redalen	Steensma
Frerichs	Kludt	Nelson, D.	Reding	Sviggum
Greenfield	Knickerbocker	Nelson, K.	Rest	Swenson
Gruenes	Knuth	Neuenschwander	Rice	Thiede
Gutknecht	Kostohryz	O'Connor	Richter	Tjornhom
Hartle	Krueger	Ogren	Riveness	Tompkins
Haukoos	Larsen	Olsen, S.	Rodosovich	Trimble
Heap	Lasley	Olson, E.	Rose	Tunheim
Himle	Lieder	Olson, K.	Rukavina	Uphus
Hugoson	Long	Omann	Sarna	Valento
Jacobs	Marsh	Onnen	Schafer	Vanasek
Jaros	McDonald	Orenstein	Scheid	Vellenga
Jefferson	McEachern	Osthoff	Schoenfeld	Voss
Jennings	McKasy	Otis	Schreiber	Wagenius
Jensen	McLaughlin	Ozment	Seaberg	Waltman
Johnson, A.	McPherson	Pappas	Segal	Welle
Johnson, R.	Milbert	Pauly	Shaver	Wenzel
Johnson, V.	Miller	Pelowski	Simoneau	Winter
Kahn	Minne	Peterson	Skoglund	Wynia
Kalis	Morrison	Poppenhagen	Solberg	

Those who voted in the negative were:

Beard                      Quinn

The bill was passed and its title agreed to.

S. F. No. 406, A bill for an act relating to commerce; regulating the distribution and sale of motor vehicles; limiting the granting or relocating of certain franchises; specifying the circumstances to be considered; removing certain regulations on nonrenewals; amending Minnesota Statutes 1986, section 80E.14, subdivisions 1 and 2; repealing Minnesota Statutes 1986, section 80E.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. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Haukoos	Kelso	McLaughlin
Anderson, R.	Clausnitzer	Heap	Kinkel	Milbert
Battaglia	Cooper	Himle	Kludt	Miller
Bauerly	Dauner	Hugoson	Knickerbocker	Minne
Beard	DeBlicek	Jacobs	Knuth	Morrison
Begich	Dempsey	Jaros	Kostohryz	Munger
Bennett	Dille	Jefferson	Krueger	Murphy
Bertram	Dorn	Jennings	Larsen	Nelson, C.
Blatz	Forsythe	Jensen	Lasley	Nelson, D.
Boo	Frederick	Johnson, A.	Lieder	Nelson, K.
Brown	Frerichs	Johnson, R.	Long	Neuenschwander
Burger	Greenfield	Johnson, V.	Marsh	O'Connor
Carlson, D.	Gruenes	Kahn	McDonald	Ogren
Carlson, L.	Gutknecht	Kalis	McEachern	Olsen, S.
Carruthers	Hartle	Kelly	McKasy	Olson, E.



Olson, K.	Poppenhagen	Rukavina	Solberg	Valento
Omann	Price	Sarna	Sparby	Vanasek
Onnen	Quinn	Schafer	Stanisus	Vellenga
Orenstein	Redalen	Scheid	Steensma	Voss
Osthoff	Reding	Schoenfeld	Sviggum	Wagenius
Otis	Rest	Schreiber	Swenson	Waltman
Ozment	Rice	Seaberg	Tjornhom	Welle
Pappas	Richter	Segal	Tompkins	Wenzel
Pauly	Riveness	Shaver	Trimble	Winter
Pelowski	Rodosovich	Simoneau	Tunheim	Wynia
Peterson	Rose	Skoglund	Uphus	

The bill was passed and its title agreed to.

S. F. No. 378 was reported to the House.

Jacobs moved to amend S. F. No. 378, the unofficial engrossment, as follows:

Page 1, lines 19 and 20, delete “for which the owner of an electric power line has an easement”

Page 1, line 21, before the period insert “for which the owner of an electric power line has a written easement permitting trimming of vegetation as required by section 2”

Page 2, line 11, delete “or indirect”

Page 2, line 19, delete everything after “nuisance”

Page 2, lines 20 to 22, delete everything before the period

Page 2, after line 22, insert:

“Subd. 3. [LIABILITY FOR DAMAGES; LIMITATION.] If a landowner does not grant an electric utility permission to trim vegetation as required by subdivision 1, the utility is not liable for damages resulting from the lack of such trimming.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective December 31, 1989.”

The motion prevailed and the amendment was adopted.

S. F. No. 378, A bill for an act relating to utilities; requiring owners of electric power lines to trim vegetation around lines; providing that failure to trim vegetation is a nuisance; proposing coding for new law in Minnesota Statutes, chapter 561.

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 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Kostohryz	Orenstein	Simoneau
Anderson, R.	Greenfield	Krueger	Osthoff	Solberg
Battaglia	Gruenes	Larsen	Otis	Sparby
Bauerly	Gutknecht	Lasley	Ozment	Stanius
Beard	Hartle	Lieder	Pappas	Steenma
Begich	Haukoos	Long	Pauly	Sviggum
Bennett	Heap	Marsh	Pelowski	Swenson
Bertram	Himle	McDonald	Peterson	Thiede
Bishop	Hugoson	McEachern	Poppenhagen	Tjornhom
Blatz	Jacobs	McKasy	Price	Tompkins
Boo	Jaros	Milbert	Quinn	Trimble
Brown	Jefferson	Miller	Redalen	Tunheim
Burger	Jennings	Minne	Reding	Uphus
Carlson, D.	Jensen	Murphy	Rest	Valento
Carlson, L.	Johnson, A.	Nelson, C.	Riveness	Vanasek
Carruthers	Johnson, R.	Nelson, D.	Rodosovich	Vellenga
Clausnitzer	Johnson, V.	Nelson, K.	Rukavina	Wagenius
Cooper	Kahn	Neuenschwander	Schafer	Waltman
Dauner	Kalis	O'Connor	Scheid	Welle
DeBlicke	Kelly	Ogren	Schoenfeld	Wenzel
Dempsey	Kelso	Olsen, S.	Schreiber	Winter
Dille	Kludt	Olson, E.	Seaberg	Wynia
Dorn	Knickerbocker	Omann	Segal	
Frederick	Knuth	Onnen	Shaver	

Those who voted in the negative were:

Kinkel	Morrison	Olson, K.	Sarna
McPherson	Munger	Rose	

The bill was passed, as amended, and its title agreed to.

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

S. F. No. 743 was reported to the House.

Schoenfeld, Brown and Uphus moved to amend S. F. No. 743, as follows:

Page 3, after line 30, insert:

"Sec. 4. Minnesota Statutes 1986, section 49.34, is amended by adding a subdivision to read:

Subd. 3. [DEFINITIONS.] (a) For the purposes of this subdivision, the following terms have the meanings given them:

(1) "bank holding company" has the meaning as that term is defined in section 2 of the Bank Holding Company Act of 1956, as amended, United States Code, title 12, section 1841;

(2) "consumer loans" means those loans reported by a bank as loans to individuals in the bank's call report to its supervisory authority;

(3) "agricultural loans" means those loans reported by a bank as loans to finance agricultural production and loans secured by farmland in the bank's call report to its supervisory authority;

(4) "small business loans" means those loans that are: (i) made to small businesses as defined in section 645.445; and (ii) that are reported by a bank as commercial and industrial loans in the bank's call report to its supervisory authority;

(5) "total loans" means the total dollars reported by a bank as total domestic loans in the bank's call report to its supervisory authority; and

(6) "primary capital ratio" means the ratio of the bank's primary capital to total assets as calculated by the bank's supervisory authority.

(b)(1) No bank may acquire another bank under subdivision 2 or establish a detached facility under sections 47.51 to 47.57 unless it meets the requirements of paragraph (b), clause (2). In the case of a bank owned or controlled by a bank holding company, or where the successor bank that results from an acquisition is to be owned or controlled by a bank holding company, all banks that are owned or controlled by the parent bank holding company must each individually also meet the requirements of paragraph (b), clause (2).

(2) The acquiring bank or bank establishing a detached facility and each affiliate bank of the parent bank holding company must, individually, have met the following requirements in each of the previous five years:

(i) at least ten percent of each bank's dollar amount of total loans made must have been consumer loans;

(ii) at least ten percent of each bank's dollar amount of total loans made must have been agricultural and/or small business loans; and

(iii) at least 30 percent of each bank's dollar amount of total loans made must have been consumer loans and small business and/or agricultural loans.

If a bank's consumer loans under subclause (i) for any one year is equal to or greater than 30 percent of the dollar amount of total loans, then the bank need not meet the minimum requirements of subclause (ii).

If a bank's small business and/or agricultural loans under subclause (ii) for any one year is equal to or greater than 30 percent of the dollar amount of total loans, then the bank need not meet the minimum requirements of subclause (i).

Determination of the amounts of various loans required by this section must be determined by the bank's most recent call report to its supervisory authority and the call reports submitted by the bank for the calendar year end for the immediately preceding four years."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "regulating acquisitions;"

Page 1, line 5, before the semicolon insert ", and by adding a subdivision"

A roll call was requested and properly seconded.

#### POINT OF ORDER

Schreiber raised a point of order pursuant to rule 3.9 that the Schoenfeld et al amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order not well taken and the amendment in order.

#### CALL OF THE HOUSE

On the motion of Wynia and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, R.	Clark	Haukoos	Kelso	McLaughlin
Battaglia	Clausnitzer	Heap	Kinkel	McPherson
Bauerly	Cooper	Himle	Kludt	Milbert
Beard	Dauner	Hugoson	Knickerbocker	Miller
Begich	DeBlieck	Jacobs	Knuth	Minne
Bennett	Dempsey	Jaros	Kostohryz	Morrison
Bertram	Dille	Jefferson	Krueger	Munger
Bishop	Dorn	Jennings	Larsen	Murphy
Blatz	Forsythe	Jensen	Lasley	Nelson, C.
Boo	Frederick	Johnson, A.	Lieder	Nelson, D.
Brown	Frerichs	Johnson, R.	Long	Nelson, K.
Burger	Greenfield	Johnson, V.	Marsh	Neuenschwander
Carlson, D.	Gruenes	Kahn	McDonald	O'Connor
Carlson, L.	Gutknecht	Kalis	McEachern	Ogren
Carruthers	Hartle	Kelly	McKasy	Olsen, S.

Olson, E.	Peterson	Rodosovich	Simoneau	Trimble
Olson, K.	Poppenhagen	Rose	Skoglund	Tunheim
Omann	Price	Rukavina	Solberg	Uphus
Onnen	Quinn	Sarna	Sparby	Valento
Orenstein	Quist	Schafer	Stanius	Vellenga
Osthoff	Redalen	Scheid	Steenasma	Wagenius
Otis	Reding	Schoenfeld	Sviggum	Waltman
Ozment	Rest	Schreiber	Swenson	Welle
Pappas	Rice	Seaberg	Thiede	Wenzel
Pauly	Richter	Segal	Tjornhom	Winter
Pelowski	Riveness	Shaver	Tompkins	Wynia

Minne 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 Schoenfeld et al amendment and the roll was called.

Otis moved that those not voting be excused from voting. The motion prevailed.

There were 48 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Krueger	Olson, K.	Sparby
Anderson, R.	Dauner	Lasley	Omann	Steenasma
Battaglia	DeBlicke	McPherson	Peterson	Swenson
Bauerly	Dille	Milbert	Quinn	Tunheim
Beard	Jacobs	Munger	Rice	Uphus
Begich	Jaros	Nelson, C.	Rukavina	Waltman
Bertram	Johnson, V.	Nelson, D.	Sarna	Wenzel
Brown	Kalis	O'Connor	Schafer	Winter
Clark	Kinkel	Ogren	Schoenfeld	
Clausnitzer	Kostohryz	Olson, E.	Solberg	

Those who voted in the negative were:

Bennett	Haukoos	Marsh	Pappas	Shaver
Bishop	Heap	McDonald	Pauly	Simoneau
Blatz	Himle	McEachern	Pelowski	Skoglund
Boo	Hugoson	McKasy	Poppenhagen	Stanius
Burger	Jefferson	McLaughlin	Price	Sviggum
Carlson, D.	Jennings	Miller	Quist	Thiede
Carlson, L.	Jensen	Minne	Redalen	Tjornhom
Carruthers	Johnson, A.	Morrison	Reding	Tompkins
Dempsey	Kahn	Murphy	Rest	Trimble
Dorn	Kelly	Nelson, K.	Richter	Valento
Forsythe	Kelso	Neuenschwander	Riveness	Vellenga
Frederick	Kludt	Olsen, S.	Rodosovich	Wagenius
Frerichs	Knickerbocker	Onnen	Rose	Welle
Greenfield	Knuth	Orenstein	Scheid	Wynia
Gruenes	Larsen	Osthoff	Schreiber	Spk. Norton
Gutknecht	Lieder	Otis	Seaberg	
Hartle	Long	Ozment	Segal	

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

McPherson moved to amend S. F. No. 743, as follows:

Page 2, delete lines 18 to 24

Renumber the remaining sections

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the McPherson amendment and the roll was called.

Otis moved that those not voting be excused from voting. The motion prevailed.

There were 20 yeas and 110 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hugoson	McDonald	Olson, K.	Swenson
Anderson, R.	Johnson, V.	McPherson	Richter	Thiede
Dempsey	Kalis	Miller	Schafer	Uphus
Gutknecht	Kinkel	Olsen, S.	Schreiber	Waltman

Those who voted in the negative were:

Battaglia	Frederick	Lieder	Otis	Segal
Bauerly	Frerichs	Long	Ozment	Shaver
Beard	Greenfield	Marsh	Pappas	Simoneau
Begich	Gruenes	McEachern	Pauly	Skoglund
Bennett	Hartle	McKasy	Pelowski	Solberg
Bertram	Haukoos	McLaughlin	Peterson	Sparby
Bishop	Heap	Milbert	Poppenhagen	Stanisus
Blatz	Jacobs	Minne	Price	Steensma
Boo	Jefferson	Morrison	Quinn	Sviggum
Brown	Jennings	Munger	Quist	Tjornhom
Burger	Jensen	Murphy	Redalen	Tompkins
Carlson, D.	Johnson, A.	Nelson, C.	Reding	Trimble
Carlson, L.	Kahn	Nelson, D.	Rest	Tunheim
Carruthers	Kelly	Nelson, K.	Rice	Valento
Clark	Kelso	Neuenschwander	Riveness	Vellenga
Clausnitzer	Kludd	O'Connor	Rodosovich	Voss
Cooper	Knickerbocker	Ogren	Rose	Wagenius
Dauner	Knuth	Olson, E.	Rukavina	Welle
DeBlicek	Kostohryz	Omam	Sarna	Wenzel
Dille	Krueger	Onnen	Scheid	Winter
Dorn	Larsen	Orenstein	Schoenfeld	Wynia
Forsythe	Lasley	Osthoff	Seaberg	Spk. Norton

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

S. F. No. 743, A bill for an act relating to financial institutions; permitting additional detached facilities; amending Minnesota Stat-

utes 1986, sections 47.52; and 49.34, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

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.

Otis moved that those not voting be excused from voting. The motion prevailed.

There were 74 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Beard	Hartle	McEachern	Pelowski	Skoglund
Bennett	Heap	McKasy	Peterson	Solberg
Bishop	Himle	McLaughlin	Poppenhagen	Stanius
Blatz	Jaros	Milbert	Price	Sviggum
Boo	Jefferson	Morrison	Quist	Thiede
Burger	Jennings	Murphy	Reding	Tjornhom
Carlson, L.	Jensen	Nelson, K.	Rest	Trimble
Carruthers	Johnson, A.	Neuenschwander	Riveness	Valento
Clausnitzer	Kahn	O'Connor	Rodosovich	Vellenga
Dauner	Kelly	Olsen, S.	Sarna	Voss
Dorn	Kludt	Orenstein	Scheid	Wagenius
Forsythe	Knickerbocker	Osthoff	Schreiber	Welle
Frederick	Knuth	Otis	Seaberg	Wynia
Greenfield	Lieder	Pappas	Segal	Spk. Norton
Gutknecht	Long	Pauly	Shaver	

Those who voted in the negative were:

Anderson, G.	Dille	Krueger	Olson, E.	Schoenfeld
Anderson, R.	Frerichs	Larsen	Olson, K.	Simoneau
Battaglia	Gruenes	Lasley	Omann	Sparby
Bauerly	Haukoos	Marsh	Onnen	Steensma
Begich	Hugoson	McDonald	Ozment	Swenson
Bertram	Jacobs	McPherson	Quinn	Tompkins
Brown	Johnson, R.	Miller	Redalen	Tunheim
Carlson, D.	Johnson, V.	Minne	Rice	Uphus
Clark	Kalis	Munger	Richter	Waltman
Cooper	Kelso	Nelson, C.	Rose	Wenzel
DeBlicke	Kinkel	Nelson, D.	Rukavina	Winter
Dempsey	Kostohryz	Ogren	Schafer	

The bill was passed and its title agreed to.

Otis moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

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

**MOTIONS AND RESOLUTIONS**

Quinn moved that the name of O'Connor be added as an author on H. F. No. 124. The motion prevailed.

Bauerly moved that the name of McEachern be stricken and the name of Wenzel be added as an author on H. F. No. 728. The motion prevailed.

Wynia moved that the name of Otis be added as an author on H. F. No. 791. The motion prevailed.

Skoglund moved that S. F. No. 853 be recalled from the Committee on Appropriations and together with H. F. No. 866, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Riveness moved that H. F. No. 500 be returned to its author. The motion prevailed.

**ADJOURNMENT**

Otis moved that when the House adjourns today it adjourn until 11:00 a.m., Friday, May 8, 1987. The motion prevailed.

Otis moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Friday, May 8, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives





## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION - 1987

## FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 8, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Father Richard Wey, Pastor of Our Lady of the Lake Church, Big Lake, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Long	Otis	Skoglund
Battaglia	Gutknecht	Marsh	Ozment	Solberg
Bauerly	Hartle	McDonald	Pappas	Sparby
Beard	Haukoos	McEachern	Pauly	Stanius
Begich	Hugoson	McKasy	Pelowski	Steensma
Bennett	Jacobs	McLaughlin	Peterson	Sviggum
Bertram	Jaros	McPherson	Poppenhagen	Swenson
Bishop	Jefferson	Milbert	Price	Thiede
Boo	Jennings	Miller	Quinn	Tjornhom
Brown	Jensen	Minne	Quist	Tompkins
Burger	Johnson, A.	Morrison	Redalen	Trimble
Carlson, D.	Johnson, R.	Munger	Reding	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rest	Uphus
Carruthers	Kahn	Nelson, C.	Rice	Valento
Clark	Kalis	Nelson, D.	Richter	Vanasek
Clausnitzer	Kelly	Nelson, K.	Riveness	Vellenga
Cooper	Kelso	Neuenschwander	Rose	Wagenius
Dauner	Kinkel	O'Connor	Rukavina	Waltman
DeBlicke	Kludt	Ogren	Sarna	Welle
Dempsey	Knickerbocker	Olsen, S.	Schafer	Wenzel
Dille	Knuth	Olson, E.	Scheid	Winter
Dorn	Kostohryz	Olson, K.	Schoenfeld	Wynia
Forsythe	Krueger	Omman	Seaberg	Spk. Norton
Frederick	Larsen	Onnen	Segal	
Frerichs	Lasley	Orenstein	Shaver	

A quorum was present.

Blatz and Rodosovich were excused until 11:30 a.m. Heap, Schreiber and Voss were excused until 1:00 p.m. Himle was excused until 2:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Larsen 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. 866, 995, 1181, 601, 834, 91, 163, 663, 915, 916, 1030, 1450, 350 and 1496 and S. F. Nos. 703, 153, 1232, 641, 776, 90, 1099, 121 and 1261 have been placed in the members' files.

S. F. No. 153 and H. F. No. 65, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Lasley moved that the rules be so far suspended that S. F. No. 153 be substituted for H. F. No. 65 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 641 and H. F. No. 774, 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. 641 be substituted for H. F. No. 774 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1232 and H. F. No. 1343, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Jaros moved that the rules be so far suspended that S. F. No. 1232 be substituted for H. F. No. 1343 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1099 and H. F. No. 1181, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Solberg moved that S. F. No. 1099 be substituted for H. F. No. 1181 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 853 and H. F. No. 866, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Skoglund moved that the rules be so far suspended that S. F. No. 853 be substituted for H. F. No. 866 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 90 and H. F. No. 91, 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. 90 be substituted for H. F. No. 91 and that the House File be indefinitely postponed. The motion prevailed.

### REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 177, A bill for an act relating to human services; reducing state aid for general assistance to counties that fail to provide literacy training; requiring certain recipients of general assistance to attend adult literacy training; setting forth requirements for literacy training programs; appropriating money; amending Minnesota Statutes 1986, sections 256D.03, subdivision 2; 256D.05, subdivision 1; and 256D.051, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 256D.

Reported the same back with the following amendments:

Page 5, line 26, after "another" insert "accessible"

Page 6, line 29, delete "child care and"

Page 6, line 30, after the period insert "Counties must make every effort to ensure that child care is available as needed by recipients who are pursuing literacy training. A recipient who is unable to obtain affordable child care is not required to participate in literacy training."

Counties must identify literacy programs and services available through educational institutions and are required to provide additional services within the limits of available appropriations.

Page 7, line 19, delete "\$....." and insert "\$250,000 in fiscal year 1988 and \$175,000 in fiscal year 1989"

Page 7, line 20, delete "state aid under section 1" and insert "services under section 3"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 290, 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 1986, section 214.01, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### OFFICE OF SOCIAL WORK AND MENTAL HEALTH BOARDS

#### Section 1. [148B.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of this chapter, the following terms have the meanings given.

Subd. 2. [OFFICE.] "Office" means the office of social work and mental health boards established in section 2.

Subd. 3. [BOARD OF SOCIAL WORK.] "Board of social work" means the board of social work established in article 2, section 2.

Subd. 4. [BOARD OF MARRIAGE AND FAMILY THERAPY.] "Board of marriage and family therapy" means the board of marriage and family therapy established in article 3, section 2.

Subd. 5. [BOARD OF UNLICENSED MENTAL HEALTH SERVICE PROVIDERS.] “Board of unlicensed mental health service providers” means the board of unlicensed mental health service providers established in article 4, section 2.

Subd. 6. [SOCIAL WORK AND MENTAL HEALTH BOARDS.] “Social work and mental health boards” or “boards” means the board of social work, the board of marriage and family therapy, and the board of unlicensed mental health service providers.

Subd. 7. [REGULATED INDIVIDUAL.] “Regulated individual” means a person licensed by the board of social work or the board of marriage and family therapy, or required to file with the board of unlicensed mental health service providers.

Sec. 2. [148B.02] [OFFICE OF SOCIAL WORK AND MENTAL HEALTH BOARDS.]

Subdivision 1. [CREATION.] The office of social work and mental health boards is established to coordinate the administrative and staff functions of the boards of social work, marriage and family therapy, and unlicensed mental health service providers, and to collect and publish information as provided in this chapter. The office of social work and mental health boards consists of an executive secretary and other staff as provided in section 214.04.

Subd. 2. [REPORTS.] The office shall compile the report required by section 214.07 on behalf of the boards. The office shall present the information according to the category of educational credential held by the regulated individual, if any. Notwithstanding section 214.07, the office shall provide an interim report including this information to the commissioner of health on or before July 1, 1990.

Sec. 3. [148B.03] [APPLICABILITY.]

Sections 4 to 17 apply to all of the social work and mental health boards and the regulated individuals within their respective jurisdictions, unless superseded by an inconsistent law that relates specifically to a particular board.

Sec. 4. [148B.04] [DISCLOSURE.]

Subdivision 1. [CLASSIFICATION OF DATA.] Subject to the exceptions listed in this subdivision, all communications or information received by or disclosed to a board relating to any person or matter subject to its regulatory jurisdiction, and all records of any action or proceedings thereon, except a final decision of the board, are confidential and privileged and any disciplinary hearing must be closed to the public.

Subd. 2. [CONTESTED CASE PROCEEDINGS.] Upon application of a party in a contested case proceeding before a board, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with rule 34, Minnesota rules of civil procedure.

Subd. 3. [INFORMATION ON ADVERSE ACTIONS.] If a board imposes disciplinary measures or takes adverse action of any kind, the name and business address of the regulated individual, the nature of the misconduct, and the action taken by the board are public data.

Subd. 4. [EXCHANGE OF INFORMATION.] The boards shall exchange information with other boards, agencies, or departments within the state, as required under section 214.10, subdivision 8, paragraph (d), and may release information in the reports required under section 2.

Sec. 5. [148B.05] [RIGHT TO PRACTICE.]

Subdivision 1. [ADVERSE ACTION BY A BOARD.] A suspension, revocation, condition, limitation, qualification, or restriction of a regulated individual's license, filing, or right to practice is in effect pending determination of an appeal unless the court, upon petition and for good cause shown, orders otherwise. The right to provide services is automatically suspended if (1) a guardian of the person of a regulated individual is appointed by order of a probate court pursuant to sections 525.54 to 525.612, for reasons other than the minority of the individual, or (2) the individual is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The right to provide services remains suspended until the individual is restored to capacity by a court and, upon petition by the individual, the suspension is terminated by the board after a hearing. In its discretion, a board may restore and reissue permission to provide services, but as a condition thereof may impose any disciplinary or corrective measure that it might originally have imposed.

Subd. 2. [TEMPORARY SUSPENSION OF RIGHT OF PRACTICE.] In addition to any other remedy provided by law, a board may, without a hearing, temporarily suspend the right of a regulated individual to provide services if the board finds that the regulated individual has violated a statute or rule that the board is empowered to enforce and continued practice would create a serious risk of harm to the public. The suspension is effective upon written notice to the individual specifying the statute or rule violated and remains in effect until the board issues a final order in the matter after a hearing. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held pursuant to the administrative procedure act. The individual must be provided with at least

20 days' notice of any hearing held pursuant to this subdivision. The hearing must be scheduled to begin no later than 30 days after the suspension order is issued.

Sec. 6. [148B.06] [TAX CLEARANCE CERTIFICATE.]

Subdivision 1. [CERTIFICATE REQUIRED.] A board may not issue or renew a filing if the commissioner of revenue notifies the board and the regulated individual or applicant for a license or filing that the individual or applicant owes the state delinquent taxes in the amount of \$500 or more. A board may issue or renew a license or filing only if the commissioner of revenue issues a tax clearance certificate and the commissioner of revenue or the individual or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the individual or applicant does not owe the state any uncontested delinquent taxes. For purposes of this section, "taxes" means all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes. "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the regulated individual or applicant has entered into a payment agreement to pay the liability and is current with the payments.

Subd. 2. [HEARING.] In lieu of the notice and hearing requirements of section 16, when a regulated individual or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the individual or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice required in subdivision 1. The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any other law, the individual or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the regulated individual or applicant. The notice may be served personally or by mail.

Subd. 3. [INFORMATION REQUIRED.] The boards shall require all regulated individuals or applicants to provide their social security number and Minnesota business identification number on all license or filing applications. Upon request of the commissioner of revenue, the board must provide to the commissioner of revenue a list of all regulated individuals and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the individuals and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release information necessary to accomplish the purpose of this subdivision.



## Sec. 7. [148B.07] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for discipline or adverse action relating to licensure or filing under this chapter may report the violation to the appropriate board.

Subd. 2. [INSTITUTIONS.] A state agency, political subdivision, agency of a local unit of government, private agency, hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the appropriate board any action taken by the agency, institution, or organization or any of its administrators or medical or other committees to revoke, suspend, restrict, or condition a regulated individual's privilege to practice or treat patients or clients in the institution, or as part of the organization, any denial of privileges, or any other adverse action or disciplinary action for conduct that might constitute grounds for adverse action or disciplinary action by a board under this chapter. The institution or organization shall also report the resignation of any regulated individuals prior to the conclusion of any disciplinary or adverse action proceeding for conduct that might constitute grounds for disciplinary or adverse action under this chapter, or prior to the commencement of formal charges but after the individual had knowledge that formal charges were contemplated or in preparation.

Subd. 3. [PROFESSIONAL SOCIETIES.] A state or local professional society for regulated individuals shall report to the appropriate board any termination, revocation, or suspension of membership or any other disciplinary or adverse action taken against a regulated individual. If the society has received a complaint that might be grounds for discipline under this chapter against a member on which it has not taken any disciplinary or adverse action, the society shall report the complaint and the reason why it has not taken action on it or shall direct the complainant to the appropriate board.

Subd. 4. [REGULATED INDIVIDUALS AND LICENSED PROFESSIONALS.] A regulated individual or a licensed health professional shall report to the appropriate board personal knowledge of any conduct that the regulated individual or licensed health professional reasonably believes constitutes grounds for disciplinary or adverse action under this chapter by any regulated individual, including conduct indicating that the individual may be medically incompetent, or may be medically or physically unable to engage safely in the provision of services. If the information was obtained in the course of a client relationship, the client is another regulated individual, and the treating individual successfully counsels the other individual to limit or withdraw from practice to the extent required by the impairment, the board may deem this limitation of or withdrawal from practice to be sufficient disciplinary action.

Subd. 5. [INSURERS.] Four times each year as prescribed by a board, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to regulated individuals, or the medical joint underwriting association under chapter 62F, shall submit to the appropriate board a report concerning the regulated individuals against whom malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:

(1) the total number of malpractice settlements or awards made to the plaintiff;

(2) the date the malpractice settlements or awards to the plaintiff were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;

(4) the dollar amount of each malpractice settlement or award;

(5) the regular address of the practice of the regulated individual against whom an award was made or with whom a settlement was made; and

(6) the name of the regulated individual against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the above information, report to the board any information it possesses that tends to substantiate a charge that a regulated individual may have engaged in conduct violating this chapter.

Subd. 6. [COURTS.] The court administrator of district court or any other court of competent jurisdiction shall report to the board any judgment or other determination of the court that adjudges or includes a finding that a regulated individual is mentally ill, mentally incompetent, guilty of a felony, guilty of a violation of federal or state narcotics laws or controlled substances act, or guilty of an abuse or fraud under Medicare or Medicaid; or that appoints a guardian of the regulated individual pursuant to sections 525.54 to 525.61 or commits a regulated individual pursuant to chapter 253B or sections 526.09 to 526.11.

Subd. 7. [SELF-REPORTING.] A regulated individual shall report to the appropriate board any personal action that would require that a report be filed with the board by any person, health care facility, business, or organization pursuant to subdivisions 2 to 6.

Subd. 8. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 7 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The boards may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to assure prompt and accurate reporting.

Subd. 9. [SUBPOENAS.] The boards may issue subpoenas for the production of any reports required by subdivisions 2 to 7 or any related documents.

Sec. 8. [148B.08] [IMMUNITY.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to a board under section 7 or for otherwise reporting to the board violations or alleged violations of this chapter. All the reports are confidential and absolutely privileged communications.

Subd. 2. [INVESTIGATION.] Members of the boards of social work, marriage and family therapy, and unlicensed mental health professionals, and persons employed by the office or engaged in the investigation of violations and in the preparation and management of charges of violations of this chapter on behalf of the office or boards, are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under this chapter.

Sec. 9. [148B.09] [PROFESSIONAL COOPERATION.]

A regulated individual who is the subject of an investigation by or on behalf of a board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of client records, as reasonably requested by the board, to assist the board in its investigation. The board shall pay for copies requested. If the board does not have a written consent from a client permitting access to the client's records, the regulated individual shall delete any data in the record that identifies the client before providing it to the board. The board shall maintain any records obtained pursuant to this section as investigative data pursuant to chapter 13.

Sec. 10. [148B.10] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any board disciplinary or adverse action taken under this chapter, the reviewing court shall seal the administrative record, except for the board's final decision, and shall not make the administrative record available to the public.

## Sec. 11. [148B.11] [PROFESSIONAL ACCOUNTABILITY.]

Subdivision 1. [INVESTIGATION.] Each board shall maintain and keep current a file containing the reports and complaints filed against regulated individuals within the board's jurisdiction. Each complaint filed with a board pursuant to section 214.10, subdivision 1, must be investigated according to section 214.10, subdivision 2. If the files maintained by a board show that a malpractice settlement or award to the plaintiff has been made against a regulated individual as reported by insurers under section 7, the executive director of the board shall notify the board and the board may authorize a review of the provider's practice.

Subd. 2. [ATTORNEY GENERAL INVESTIGATES.] When a board initiates a review of a regulated individual's practice it shall notify the attorney general who shall investigate the matter in the same manner as provided in section 214.10. If an investigation is to be made, the attorney general shall notify the regulated individual, and, if the incident being investigated occurred there, the administrator and chief of staff, at the health care facilities or clinics in which the professional serves, if applicable.

Subd. 3. [ACCESS TO RECORDS.] The board shall be allowed access to records of a client treated by the regulated individual under review if the client signs a written consent permitting access. If no consent form has been signed, the hospital, clinic, or regulated individual shall first delete data in the record that identifies the client before providing it to the board.

## Sec. 12. [148B.12] [MALPRACTICE HISTORY.]

Subdivision 1. [SUBMISSION.] Regulated individuals who have previously practiced in another state shall submit with their filing or application the following information:

(1) number, date, and disposition of any malpractice settlement or award made to the plaintiff or other claimant relating to the quality of services provided by the regulated individual; and

(2) number, date, and disposition of any civil litigations or arbitrations relating to the quality of services provided by the regulated individual in which the party complaining against the individual prevailed or otherwise received a favorable decision or order.

Subd. 2. [BOARD ACTION.] The board shall give due consideration to the information submitted under this section. A regulated individual who willfully submits incorrect information is subject to disciplinary action under this chapter.

Sec. 13. [148B.13] [PUBLICATION OF DISCIPLINARY ACTIONS.]

At least annually, each board shall publish and release to the public a description of all disciplinary measures or adverse actions taken by the board. The publication must include, for each disciplinary measure or adverse action taken, the name and business address of the regulated individual, the nature of the misconduct, and the measure or action taken by the board.

Sec. 14. [148B.14] [EVIDENCE OF PAST SEXUAL CONDUCT.]

In a proceeding for the suspension or revocation of the right to practice or other disciplinary or adverse action involving sexual contact with a client or former client, the board or administrative law judge shall not consider evidence of the client's previous sexual conduct nor shall any reference to this conduct be made during the proceedings or in the findings, except by motion of the complainant, unless the evidence would be admissible under the applicable provisions of section 609.347, subdivision 3.

Sec. 15. [148B.15] [DISPUTE RESOLUTION.]

Subdivision 1. [ARBITRATION.] Each board shall encourage regulated individuals to submit all fee disputes to binding arbitration.

Subd. 2. [MEDIATION.] Each board shall encourage regulated individuals to submit all disputes that are not related to violations of a code of professional conduct to voluntary mediation.

Sec. 16. [148B.16] [CONTESTED CASES.]

Chapters 14 and 214 apply to any disciplinary proceeding or adverse action relating to filing taken under this chapter.

Sec. 17. [148B.17] [FEES.]

Each board shall by rule establish fees, including late fees, for licenses or filings and renewals so that the total fees collected by the board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128, plus the prorated costs of the office of social work and mental health boards. Fees must be credited to the special revenue fund.

Sec. 18. Minnesota Statutes 1986, section 144.335, subdivision 1, is amended to read:

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

(a) "Patient" means a natural person who has received health care services from a provider for treatment of a medical, psychiatric or mental condition, or a person the patient designates in writing as a representative. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, "patient" includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapters 147, 148, 148B, 150A, 151, or 153; and (2) a health care facility licensed pursuant to this chapter or chapter 144A.

Sec. 19. Minnesota Statutes 1986, section 148A.01, subdivision 5, is amended to read:

Subd. 5. [PSYCHOTHERAPIST.] "Psychotherapist" means a physician, psychologist, nurse, chemical dependency counselor, social worker, member of the clergy, marriage and family therapist, mental health service provider, or other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

Sec. 20. Minnesota Statutes 1986, section 214.01, subdivision 2, is amended to read:

Subd. 2. "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the board of medical examiners created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of psychology established pursuant to section 148.90, the social work licensing board pursuant to article 2, section 2, the board of marriage and family therapy pursuant to article 3, section 2, the board of mental health service providers established pursuant to article 4, section 2, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatry established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 21. Minnesota Statutes 1986, section 214.04, subdivision 3, is amended to read:

Subd. 3. The executive secretary of each health-related and non-health-related board shall be the chief administrative officer for the board but shall not be a member of the board. The executive secretary shall maintain the records of the board, account for all fees received by it, supervise and direct employees servicing the board, and perform other services as directed by the board. The executive secretaries and other employees of the following boards shall be

hired by the board, and the executive secretaries shall be in the unclassified civil service, except as provided in this subdivision:

- (1) dentistry;
- (2) medical examiners;
- (3) nursing;
- (4) pharmacy;
- (5) accountancy;
- (6) architecture, engineering, land surveying and landscape architecture;
- (7) barber examiners;
- (8) cosmetology;
- (9) electricity;
- (10) teaching; and
- (11) peace officer standards and training;
- (12) social work;
- (13) marriage and family therapy;
- (14) unlicensed mental health service providers; and
- (15) office of social work and mental health boards.

The board of medical examiners shall set the salary of its executive director, which may not exceed 95 percent of the top of the salary range set for the commissioner of health in section 15A.081, subdivision 1. At least 30 days before the board of medical examiners adopts a salary increase for its executive director, the board shall submit the proposed salary increase to the legislative commission on employee relations for its review.

The executive secretaries serving the remaining boards shall be hired by those boards, and shall be in the unclassified civil service except for part-time executive secretaries, who are not required to be in the unclassified service. Boards not requiring a full-time executive secretary may employ such services on a part-time basis. To the extent practicable the sharing of part-time executive secretaries by boards being serviced by the same department is encouraged.

Persons providing services to those boards not listed in this subdivision, except executive secretaries of the boards and employees of the attorney general, shall be classified civil service employees of the department servicing the board. To the extent practicable the commissioner shall insure that staff services are shared by the boards being serviced by the department. If necessary, a board may hire part-time, temporary employees to administer and grade examinations.

Sec. 22. Minnesota Statutes 1986, section 609.341, subdivision 17, is amended to read:

Subd. 17. "Psychotherapist" means a physician, psychologist, nurse, chemical dependency counselor, social worker, clergy, marriage and family therapist, mental health service provider, or other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

Sec. 23. [EMERGENCY RULES.]

The office or boards may adopt emergency rules under sections 14.29 to 14.385 to carry out the provisions of this chapter. Notwithstanding contrary provisions of chapter 14, the authority to use sections 14.29 to 14.385 expires on December 31, 1988.

## ARTICLE 2

### BOARD OF SOCIAL WORK

Section 1. [148B.18] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 1 to 11, the following terms have the meanings given them.

Subd. 2. [ACCREDITED PROGRAM OF SOCIAL WORK.] "Accredited program of social work" means a school of social work or other educational program that has been accredited by the council on social work education.

Subd. 3. [BOARD.] "Board" means the social work licensing board created in section 2.

Subd. 4. [COUNTY AGENCY SOCIAL WORKER.] "County agency social worker" means an individual who is employed by a county social service agency in Minnesota in social work practice or clinical social work.



Subd. 5. [STATE AGENCY SOCIAL WORKER.] “State agency social worker” means an individual who is employed by a state social service agency in Minnesota in social work practice or clinical social work.

Subd. 6. [PUBLIC AGENCY SOCIAL WORKER.] “Public agency social worker” means an individual who is employed by the federal government or the state of Minnesota or any of its political subdivisions in social work practice or clinical social work.

Subd. 7. [PRIVATE AGENCY SOCIAL WORKER.] “Private agency social worker” means an individual who is employed by an entity not listed in subdivision 6 in the practice of social work or clinical social work.

Subd. 8. [PRIVATE PRACTICE.] “Private practice” means social work practice conducted by an individual who is either self-employed, or a member of a partnership or of a group practice, rather than being employed by an agency, clinic, or other similar entity.

Subd. 9. [PSYCHOTHERAPY.] “Psychotherapy” means treatment of a person or persons who have cognitive, emotional, behavioral, or social dysfunctions through psychological or interpersonal methods. The treatment is a planned and structured program, conducted by a qualified mental health professional and based on information from a differential diagnostic examination, and is directed toward the accomplishment of goals provided in a plan of care. Social workers qualified to practice psychotherapy are licensed independent clinical social workers; or licensed graduate or licensed independent social workers who have training required by section 4, subdivision 6, and practice under the supervision of a qualified mental health professional.

Subd. 10. [QUALIFIED MENTAL HEALTH PROFESSIONAL.] “Qualified mental health professional” means a psychiatrist, board-certified or eligible for board certification, and licensed under chapter 147; a psychologist licensed under sections 148.88 to 148.98; an independent clinical social worker who has the qualifications in section 4, subdivision 6; or a psychiatric registered nurse with a master’s degree from an accredited school of nursing, licensed under section 148.211, with at least two years of postmaster’s supervised experience in direct clinical practice.

Subd. 11. [SOCIAL WORK PRACTICE.] “Social work practice” includes the application of psychosocial theory and methods in the prevention, treatment, or resolution of social and/or psychological dysfunction caused by environmental stress, interpersonal or intrapersonal conflict, physical or mental disorders, or a combination of these causes, with particular attention to the person-in-situation configuration.

Social work practice also includes but is not limited to psychotherapy, which is restricted to social workers qualified to practice psychotherapy as defined in subdivision 9. For the following four categories of licensure, social work practice also includes the following action:

(a) Licensed social workers evaluate and assess difficulties in psychosocial functioning, develop a treatment plan to alleviate those difficulties, and either carry it out themselves or refer clients to other qualified resources for assistance. Treatment interventions commonly include but are not limited to psychosocial evaluation; counseling of individuals, families, and groups; advocacy; referral to community resources; and facilitation of organizational change to meet social needs.

(b) Licensed graduate social workers and licensed independent social workers evaluate and treat more complex problems in psychosocial functioning. Treatment interventions include but are not limited to psychosocial evaluation; counseling of individuals, families, and groups; referral to community resources; advocacy; facilitation of organizational change to meet social needs; and psychotherapy when conducted under supervision as defined in subdivision 12.

(c) Licensed independent clinical social workers provide professional services for the diagnosis, treatment, and prevention of mental and emotional disorders in individuals, families, and groups, with the goal of restoring, maintaining, and enhancing social functioning. Treatment interventions include, but are not limited to, those listed for licensed graduate and licensed independent social workers plus individual, marital, and group psychotherapy without supervision. Independent clinical social work practice may be conducted by independent clinical social workers in private independent practice or in the employ of a public or private agency or corporation or other legal entity.

Social work practice is not medical care nor any other type of remedial care that may be reimbursed under medical assistance, chapter 256B, except to the extent such care is reimbursed under section 256B.02, subdivision 8, clause (5), or as provided under Minnesota Rules, parts 9500.1070, 9500.1020, or their successor parts.

Subd. 12. [SUPERVISION.] "Supervision" means the direction of social work practice in face-to-face sessions. Further standards for supervision shall be determined by the social work licensing board. Supervision shall be provided:

(1) by a social worker licensed at least at the level of the worker being supervised and qualified under section 4 to practice without supervision; or

(2) when the social work licensing board determines that supervision by a social worker as required in clause (1) is unobtainable, and in other situations considered appropriate by the board of social work examiners, by another qualified professional.

Sec. 2. [148B.19] [SOCIAL WORK LICENSING BOARD.]

Subdivision 1. [CREATION.] The social work licensing board is created. The board consists of ten members appointed by the governor. The members are:

- (1) six social workers licensed under sections 1 to 11;
- (2) three public members as defined in section 214.02; and
- (3) one school social worker licensed by the board of teaching.

Subd. 2. [QUALIFICATIONS OF BOARD MEMBERS.] The six social worker members of the board shall be as follows: two licensed independent clinical social workers, two licensed independent social workers, and two licensed social workers.

Social worker members shall represent the following employment settings:

- (1) two members shall be public agency social workers;
- (2) two members shall be private agency social workers;
- (3) one member shall be engaged in private practice;
- (4) one member shall be an educator engaged in regular teaching duties at an accredited program of social work; and
- (5) in addition, at least two members shall be persons of color and at least four members shall reside outside of the seven-county metropolitan area.

Subd. 3. [MEMBERS OF FIRST BOARD APPOINTED.] Members of the first board appointed according to subdivision 1, clause (1), and subdivision 2, clauses (1) to (5), need not be licensed, but must meet all qualifications, other than payment of fees, to be eligible for licensure under sections 1 to 11.

Subd. 4. [OFFICERS AND EXECUTIVE SECRETARY.] The board shall annually elect from its membership a chair, vice-chair, and secretary-treasurer, and shall adopt rules to govern its proceedings. The board shall appoint and employ an executive secretary who is not a member of the board.

Subd. 5. [TERMS AND SALARIES.] Chapter 214 applies to the social work licensing board unless superseded by sections 1 to 11.

Sec. 3. [148B.20] [DUTIES OF THE BOARD.]

Subdivision 1. [GENERAL.] The social work licensing board shall:

(a) Adopt and enforce rules for licensure of social workers and for regulation of their professional conduct. The rules must be designed to protect the public.

(b) Adopt rules establishing standards and methods of determining whether applicants and licensees are qualified under sections 4 to 6. The rules must make provision for examinations and must establish standards for professional conduct, including adoption of a code of professional ethics and requirements for continuing education.

(c) Hold examinations at least twice a year to assess applicants' knowledge and skills. The examinations may be written or oral and may be administered by the board or by a body designated by the board. Examinations must test the knowledge and skills of each of the four groups of social workers qualified under section 4 to practice social work. Examinations must minimize cultural bias and must be balanced in theory.

(d) Issue licenses to individuals qualified under sections 1 to 11.

(e) Issue copies of the rules for licensure to all applicants.

(f) Establish and implement procedures, including a standard disciplinary process, to ensure that individuals licensed as social workers will comply with the board's rules.

(g) Establish, maintain, and publish annually a register of current licensees.

(h) Establish initial and renewal application and examination fees sufficient to cover operating expenses of the board and its agents.

(i) Educate the public about the existence and content of the rules for social work licensing to enable consumers to file complaints against licensees who may have violated the rules.

(j) Evaluate its rules in order to refine the standards for licensing social workers and to improve the methods used to enforce the board's standards.

Subd. 2. [CONTINUING EDUCATION COMMITTEE.] The board shall appoint a continuing education committee that shall advise

the board on the administration of continuing education requirements in sections 1 to 11. The committee chair shall be appointed by the board and shall be a member of the board. Four additional committee members shall be appointed by the board and need not be board members. The committee members and chair shall consist of licensed social workers, licensed independent social workers, and licensed independent clinical social workers as defined in section 4, subdivision 6, and shall include:

(1) a social worker engaged in regular teaching duties at an accredited program of social work;

(2) a public agency social worker;

(3) a private agency social worker;

(4) a social worker engaged in private practice;

(5) a public member as defined in section 214.02; and

(6) in addition, at least one member shall be a person of color and at least one member shall reside outside of the seven-county metropolitan area.

#### Sec. 4. [148B.21] [REQUIREMENTS FOR LICENSURE.]

Subdivision 1. [CATEGORIES OF LICENSEES.] The board shall issue licenses for the following four groups of individuals qualified under sections 4 to 6 to practice social work:

(1) social workers;

(2) graduate social workers;

(3) independent social workers; and

(4) independent clinical social workers.

Subd. 2. [FEE.] Each applicant shall pay a nonrefundable fee set by the board. Fees paid to the board shall be deposited in the general fund.

Subd. 3. [SOCIAL WORKER.] To be licensed as a social worker, an applicant must provide evidence satisfactory to the board that the applicant:

(1) has received a baccalaureate degree from an accredited program of social work;

(2) has passed the examination provided for in section 3, subdivision 1;

(3) will engage in social work practice only under supervision as defined in section 1, subdivision 12, for at least two years in full-time employment or 4,000 hours; and

(4) will conduct all professional activities as a social worker in accordance with standards for professional conduct established by the rules of the board.

Subd. 4. [GRADUATE SOCIAL WORKER.] To be licensed as a graduate social worker, an applicant must provide evidence satisfactory to the board that the applicant:

(1) has received a master's degree from an accredited program of social work or doctoral degree in social work;

(2) has passed the examination provided for in section 3, subdivision 1;

(3) will engage in social work practice only under supervision as defined in section 1, subdivision 12; and

(4) will conduct all professional activities as a graduate social worker in accordance with standards for professional conduct established by the rules of the board.

Subd. 5. [INDEPENDENT SOCIAL WORKER.] To be licensed as an independent social worker, an applicant must provide evidence satisfactory to the board that the applicant:

(1) has received a master's degree from an accredited program of social work or doctoral degree in social work;

(2) has passed the examination provided for in section 3, subdivision 1;

(3) has practiced social work for at least two years in full-time employment or 4,000 hours under supervision as defined in section 1, subdivision 12, after receiving the master's or doctoral degree in social work; and

(4) will conduct all professional activities as an independent social worker in accordance with standards for professional conduct established by the rules of the board.

Subd. 6. [INDEPENDENT CLINICAL SOCIAL WORKER.] To be licensed as an independent clinical social worker, an applicant must provide evidence satisfactory to the board that the applicant:

(1) has received a master's degree from an accredited program of social work, or doctoral degree in social work, that included an advanced concentration of clinically oriented course work as defined by the board and a supervised clinical field placement at the graduate level, or postmaster's clinical training that is found by the board to be equivalent to that course work and field placement;

(2) has practiced clinical social work for at least two years in full-time employment or 4,000 hours under supervision as defined in section 1, subdivision 12, after receiving the master's or doctoral degree in social work;

(3) has passed the examination provided for in section 3, subdivision 1; and

(4) will conduct all professional activities as an independent clinical social worker in accordance with standards for professional conduct established by the rules of the board.

Sec. 5. [148B.22] [LICENSE RENEWAL REQUIREMENTS.]

Subdivision 1. [RENEWAL.] Licensees shall renew licenses at the time and in the manner established by the rules of the board.

Subd. 2. [CONTINUING EDUCATION.] At the time of renewal, each licensee shall provide evidence satisfactory to the board that the licensee has completed during each three-year period at least the equivalent of 45 clock hours of continuing professional post-degree education in programs approved by the board and continues to be qualified to practice under sections 1 to 11.

Sec. 6. [148B.23] [LICENSES; TRANSITION PERIOD.]

Subdivision 1. [EXEMPTION FROM EXAMINATION.] For two years from the effective date of sections 1 to 11, the board shall issue a license without examination to an applicant:

(1) for a licensed social worker, if the board determines that the applicant has received a baccalaureate degree from an accredited program of social work, or that the applicant has at least a baccalaureate degree from an accredited college or university and two years in full-time employment or 4,000 hours of experience in the supervised practice of social work within the five years before the effective date of sections 1 to 11;

(2) for a licensed graduate social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline, as approved by the board;

(3) for a licensed independent social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline, as approved by the board; and, after receiving the degree, has practiced social work for at least two years in full-time employment or 4,000 hours under the supervision of a social worker meeting these requirements, or of another qualified professional; and

(4) for a licensed independent clinical social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline as approved by the board; and, after receiving the degree, has practiced clinical social work for at least two years in full-time employment or 4,000 hours under the supervision of a clinical social worker meeting these requirements, or of another qualified mental health professional.

Subd. 2. [OTHER REQUIREMENTS.] An applicant licensed under this section must also agree to:

(1) engage in social work practice only under the applicable supervision requirements provided in section 4 for each category of licensees; and

(2) to conduct all professional activities as a social worker in accordance with standards for professional conduct established by the board by rule.

Subd. 3. [TEMPORARY RULEMAKING AUTHORITY.] The board is authorized to adopt emergency and permanent rules to implement this section.

Sec. 7. [148B.24] [RECIPROCITY.]

The board shall issue an appropriate license to an individual who holds a current license or other credential from another jurisdiction if the board finds that the requirements for that credential are substantially similar to the requirements in sections 4 to 6.

Sec. 8. [148B.25] [NONTRANSFERABILITY OF LICENSES.]

A social work license is not transferable.

Sec. 9. [148B.26] [DENIAL, SUSPENSION, OR REVOCATION OF LICENSE.]



Subdivision 1. [GROUNDS.] The board may refuse to renew or to grant a license to, or may suspend, revoke, or restrict the license of an individual whom the board, after a hearing under the contested case provisions of chapter 14, determines:

(1) is incompetent to engage in social work practice, or is found to be engaged in social work practice in a manner harmful or dangerous to a client or to the public;

(2) has violated the rules of the board or the statutes the board is empowered to enforce;

(3) has obtained or attempted to obtain a license or license renewal by bribery or fraudulent representation; or

(4) has knowingly made a false statement on a form required by the board for licensing or license renewal.

Subd. 2. [RESTORING A LICENSE.] For reasons it finds sufficient, the board may grant a license previously refused, restore a license that has been revoked, or reduce a period of suspension or restriction of a license.

Subd. 3. [REVIEW.] Suspension, revocation, or restriction of a license shall be reviewed by the board at the request of the licensee against whom the disciplinary action was taken.

Sec. 10. [148B.27] [PROHIBITION AGAINST UNLICENSED PRACTICE OR USE OF TITLES; PENALTY.]

Subdivision 1. [PRACTICE.] After the board adopts rules, no individual shall engage in social work practice unless that individual holds a valid license as a licensed social worker, licensed graduate social worker, licensed independent social worker, or licensed independent clinical social worker.

Subd. 2. [USE OF TITLES.] After the board adopts rules, no individual shall be presented to the public by any title incorporating the words "social work" or "social worker" unless that individual holds a valid license issued under sections 1 to 11. City, county, and state agency social workers who are not licensed under sections 1 to 11 may use the title city agency social worker or county agency social worker or state agency social worker.

Subd. 3. [PENALTY.] A person who violates sections 4 to 11 is guilty of a misdemeanor.

Sec. 11. [148B.28] [EXCEPTIONS TO LICENSE REQUIREMENT.]

Subdivision 1. [OTHER PROFESSIONALS.] Nothing in sections 1 to 11 shall be construed to prevent members of other professions or occupations from performing functions for which they are qualified or licensed. This exception includes but is not limited to licensed physicians; registered nurses; licensed practical nurses; licensed psychologists; probation officers; members of the clergy; attorneys; marriage and family therapists; chemical dependency counselors; professional counselors; school counselors; and registered occupational therapists or certified occupational therapist assistants. These persons must not, however, hold themselves out to the public by any title or description stating or implying that they are engaged in the practice of social work, or that they are licensed to engage in the practice of social work.

Subd. 2. [STUDENTS.] Nothing in sections 1 to 11 shall be construed to prevent students enrolled in an accredited program of social work to engage in the practice of social work, or to prevent social work practice by individuals preparing for licensed independent clinical social work practice under qualified supervision in a social work setting.

Subd. 3. [GEOGRAPHIC WAIVER.] A geographic waiver may be granted by the board on a case-by-case basis to agencies with special regional hiring problems. The waiver will permit agencies to hire individuals, who do not meet the qualifications of section 4, to practice social work.

Subd. 4. [CITY, COUNTY, AND STATE AGENCY SOCIAL WORKERS.] The licensing of city, county, and state agency social workers shall be voluntary. City, county, and state agencies employing social workers shall not be required to employ licensed social workers, nor shall they require their social worker employees to be licensed.

Subd. 5. [FEDERALLY RECOGNIZED TRIBES AND PRIVATE NONPROFIT AGENCIES WITH A MINORITY FOCUS.] The licensure of social workers who are employed by federally recognized tribes, or by private nonprofit agencies whose primary service focus addresses ethnic minority populations, and are themselves members of ethnic minority populations within said agencies, shall be voluntary.

### ARTICLE 3

## BOARD OF MARRIAGE AND FAMILY THERAPY

### Section 1. [148B.29] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY] For the purposes of sections 1 to 11, the following terms have the meanings given.

Subd. 2. [BOARD.] "Board" means the board of marriage and family therapy created in section 2.

Subd. 3. [MARRIAGE AND FAMILY THERAPY.] "Marriage and family therapy" means the process of providing professional marriage and family psychotherapy to individuals, married couples, and family groups, either singly or in groups. The practice of marriage and family therapy utilizes established principles that recognize the interrelated nature of the individual problems and dysfunctions in family members to assess, understand, and treat emotional and mental problems. Marriage and family therapy includes premarital, marital, divorce, and family therapy, and is a specialized mode of treatment for the purpose of resolving emotional problems and modifying intrapersonal and interpersonal dysfunction.

Sec. 2. [148B.30] [BOARD OF MARRIAGE AND FAMILY THERAPY EXAMINERS.]

Subdivision 1. [CREATION.] There is created a board of marriage and family therapy that consists of seven members appointed by the governor. Four members shall be licensed, practicing marriage and family therapists, each of whom shall for at least five years immediately preceding appointment, have been actively engaged as a marriage and family therapist, rendering professional services in marriage and family therapy. One member shall be engaged in the professional teaching and research of marriage and family therapy. Two members shall be representatives of the general public who have no direct affiliation with the practice of marriage and family therapy. All members shall have been a resident of the state two years preceding their appointment. Of the first board members appointed, three shall continue in office for two years, two members for three years, and two members, including the chair for terms of four years respectively. Their successors shall be appointed for terms of four years each, except that a person chosen to fill a vacancy shall be appointed only for the unexpired term of the board member whom the newly appointed member succeeds. Upon the expiration of a board member's term of office, the board member shall continue to serve until a successor is appointed and qualified.

Subd. 2. [TRANSITION PROVISION.] Notwithstanding subdivision 1, members of the first board appointed need not be licensed under sections 1 to 11, but shall meet all qualifications, other than payments of fees, so as to be eligible for licensure under sections 1 to 11.

Subd. 3. [OFFICERS; STAFF.] The board shall annually elect from its membership a chair, a vice-chair, and secretary-treasurer, and shall adopt rules to govern its proceedings. The board shall appoint

and employ an executive secretary who shall not be a member of the board.

Subd. 4. [MEMBERSHIP TERMS; COMPENSATION AND REMOVAL.] The membership terms, compensation, and removal of board members is governed by section 15.0575, unless superseded by this section.

Sec. 3. [148B.31] [DUTIES OF THE BOARD.]

The board shall:

(1) adopt and enforce rules for marriage and family therapy licensing, which shall be designed to protect the public;

(2) develop by rule appropriate techniques, including examinations and other methods, for determining whether applicants and licensees are qualified under sections 1 to 11;

(3) issue licenses to individuals who are qualified under sections 1 to 11;

(4) establish and implement procedures designed to assure that licensed marriage and family therapists will comply with the board's rules;

(5) study and investigate the practice of marriage and family therapy within the state in order to improve the standards imposed for the licensing of marriage and family therapists and to improve the procedures and methods used for enforcement of the board's standards;

(6) formulate and implement a code of ethics for all licensed marriage and family therapists; and

(7) establish continuing education requirements for marriage and family therapists.

Sec. 4. [148B.32] [PROHIBITIONS AND PENALTY.]

Subdivision 1. [UNLICENSED PRACTICE PROHIBITED.] After adoption of rules by the board implementing sections 1 to 11, no individual shall engage in marriage and family therapy practice unless that individual holds a valid license issued under sections 1 to 11.

Marriage and family therapy practice is not medical care nor any other type of remedial care that may be reimbursed under medical assistance, chapter 256B, except to the extent such care is reimbursed under section 256B.02, subdivision 8, clause (5).

Subd. 2. [APPEARANCE AS LICENSEE PROHIBITED.] After adoption of rules by the board implementing sections 1 to 11, no individual shall be held out to be a marriage and family therapist unless that individual holds a valid license issued under sections 1 to 11.

Subd. 3. [PENALTY.] A person who violates a provision of sections 1 to 11 is guilty of a gross misdemeanor.

Sec. 5. [148B.33] [REQUIREMENTS FOR LICENSURE.]

Subdivision 1. [DOCUMENTARY EVIDENCE OF QUALIFICATIONS.] An applicant for a license shall furnish evidence that the applicant:

- (1) has attained the age of majority;
- (2) is of good moral character;
- (3) is a citizen of the United States, or is lawfully entitled to remain and work in the United States;
- (4) has at least two years of supervised postgraduate experience in marriage and family counseling satisfactory to the board;
- (5)(i) has completed a master's or doctoral degree in marriage and family therapy from a program in a regionally accredited educational institution or from a program accredited by the commissioner on accreditations for marriage and family therapy education of the American association for marriage and family therapists; or (ii) has completed a master's or doctoral degree from a regionally accredited educational institution in a related field for which the course work is considered by the board to be equivalent to that provided in clause (5)(i);
- (6) will agree to conduct all professional activities as a licensed marriage and family counselor in accordance with a code of ethics for marriage and family therapists to be adopted by the board; and
- (7) has passed an examination approved by the board by rule.

Subd. 2. [FEE.] Each applicant shall pay a nonrefundable application fee set by the board.

Sec. 6. [148B.34] [LICENSES; TRANSITION PERIOD.]

Notwithstanding section 5, clause (7), for two years from the effective date of sections 1 to 11, a license shall be issued to an applicant without examination if the board is satisfied that the

applicant meets the requirements of section 5, subdivision 1, clauses (1) to (6).

Sec. 7. [148B.35] [RECIPROCITY WITH OTHER STATES.]

The board shall issue a marriage and family therapist's license to an individual who holds a current license as a marriage and family therapist from another jurisdiction if the board determines that the standards for licensure in the other jurisdiction are at least equivalent to or exceed the requirements of sections 1 to 11 and the rules of the board.

Sec. 8. [148B.36] [NONTRANSFERABILITY OF LICENSES.]

A marriage and family therapy license is not transferable.

Sec. 9. [148B.37] [REFUSAL TO GRANT LICENSE; SUSPENSION OR REVOCATION OF LICENSE.]

Subdivision 1. [GROUNDS FOR ACTION.] The board may refuse to grant a license to, or may suspend, revoke, condition, limit, qualify, or restrict the license of any individual who the board, after a hearing under the contested case provisions of chapter 14, determines:

(1) is incompetent to practice marriage and family therapy, or is found to engage in the practice of marriage and family therapy in a manner harmful or dangerous to a client or to the public;

(2) is convicted by a court of competent jurisdiction of a crime that the board determines is of a nature to render the convicted person unfit to practice marriage and family therapy. The board should compile, maintain, and publish a list of such crimes;

(3) has violated a provision of sections 1 to 11 or one or more of the rules of the board;

(4) has obtained or attempted to obtain a license or license renewal by bribery or fraudulent representation;

(5) has knowingly made a false statement on a form required by the board for licensing or license renewal; or

(6) has failed to obtain continuing education credits required by the board.

Subd. 2. [RESTORING A LICENSE.] For reasons it considers sufficient and upon a vote of five of its members, the board may restore a license that has been revoked, reduce a period of suspension, or withdraw a reprimand.

Sec. 10. [148B.38] [EXCEPTIONS FROM LICENSE REQUIREMENT.]

Subdivision 1. [OTHER PROFESSIONALS.] Nothing in sections 1 to 11 shall be construed to prevent qualified members of other licensed or certified professions or occupations, such as licensed physicians, registered nurses, licensed practical nurses, psychologists licensed by the board of psychology, social workers, probation officers, members of the clergy, attorneys, school counselors who are employed by an accredited educational institution while performing those duties for which they are employed, registered occupational therapists or certified occupational therapist assistants who are certified by the American Occupational Therapy Association, from doing work of a marriage and family therapy nature.

Subd. 2. [STUDENTS.] Nothing in sections 1 to 11 shall be construed to prevent marriage and family therapy practice by students or interns or individuals preparing for marriage and family therapy to practice under qualified supervision of a licensed professional, recognized and approved by the board in a recognized educational institution or agency so long as they are designated by titles such as "student," "trainee," "intern," or other titles clearly indicating training status.

Subd. 3. [FEDERALLY RECOGNIZED TRIBES AND PRIVATE NONPROFIT AGENCIES WITH A MINORITY FOCUS.] The licensure of marriage and family therapists who are employed by federally recognized tribes and private nonprofit agency marriage and family therapists, whose primary service focus addresses ethnic minority populations and who are themselves members of ethnic minority populations within said agencies, shall be voluntary for a period of five years at which time the legislature will review the need for mandatory licensure for all marriage and family therapists.

Sec. 11. [148B.39] [PRIVILEGED COMMUNICATIONS; EXCEPTIONS.]

A person licensed under sections 1 to 11 and employees and professional associates of the person cannot be required to disclose any information that the person, employee, or associate may have acquired in rendering marriage and family therapy services, unless:

- (1) disclosure is required by other state laws;
- (2) failure to disclose the information presents a clear and present danger to the health or safety of an individual;
- (3) the person, employee, or associate is a party defendant to a civil, criminal, or disciplinary action arising from the therapy, in which case a waiver of the privilege accorded by this section is limited to that action;

(4) the patient is a defendant in a criminal proceeding and the use of the privilege would violate the defendant's right to a compulsory process or the right to present testimony and witnesses in that persons behalf; and

(5) a patient agrees to a waiver of the privilege accorded by this section, and in circumstances where more than one person in a family is receiving therapy, each such family member agrees to the waiver. Absent a waiver from each family member, a marital and family therapist cannot disclose information received by a family member.

## ARTICLE 4

### BOARD OF UNLICENSED MENTAL HEALTH SERVICE PROVIDERS

#### Section 1. [148B.40] [DEFINITIONS.]

Subdivision 1. [TERMS.] As used in sections 1 to 8, the following terms have the meanings given them in this section.

Subd 2. [BOARD.] "Board" means the board of mental health service providers established in section 2.

Subd. 3. [MENTAL HEALTH SERVICE PROVIDER.] "Mental health service provider" or "provider" means any person who provides, for a remuneration, mental health services as defined in subdivision 4. It does not include persons licensed by the board of medical examiners under chapter 147; the board of nursing under sections 148.171 to 148.285; or the board of psychology under sections 148.88 to 148.98; the board of social work under article 2, sections 1 to 13; the board of marriage and family therapy under article 3, sections 1 to 11; or another licensing board if the person is practicing within the scope of the license.

Subd. 4. [MENTAL HEALTH SERVICES.] "Mental health services" means the professional treatment, assessment, or counseling of another person for a cognitive, behavioral, emotional, mental, or social dysfunction, including intrapersonal or interpersonal dysfunctions.

Subd. 5. [MENTAL HEALTH CLIENT.] "Mental health client" or "client" means a person who receives the services of a mental health service provider.

#### Sec. 2. [148B.41] [BOARD OF UNLICENSED MENTAL HEALTH SERVICE PROVIDERS.]



Subdivision 1. [COMPOSITION.] The board of unlicensed mental health service providers consists of 17 members, including two chemical dependency counselors, two professional counselors, two pastoral counselors, five members representing other identifiable specialties and subgroups of providers subject to filing requirements, and six public members as defined in section 214.02. Within 90 days after the effective date of rules adopted by the board to implement sections 1 to 8, members of the board specified must be mental health service providers who have filed with the board pursuant to section 3.

Subd. 2. [APPOINTMENT.] Members of the board are appointed by the governor and serve under section 214.09.

Subd. 3. [BOARD ADMINISTRATION.] The board shall elect from among its members a chair and a vice-chair to serve for one year or until a successor is elected and qualifies. The members of the board have authority to administer oaths and the board, in session, to take testimony as to matters pertaining to the duties of the board. Six members of the board constitute a quorum for the transaction of business.

Subd. 4. [RULEMAKING.] The board shall adopt rules necessary to implement, administer, or enforce sections 1 to 8 under chapter 14 and section 214.001, subdivisions 2 and 3. The board shall consult with the commissioner of health, the commissioner of human services, and the commissioner of employee relations in the development of rules. The board may not adopt rules that restrict or prohibit persons from providing mental health services on the basis of education, training, experience, or supervision; or that restrict the use of any title.

Sec. 3. [148B.42] [FILING REQUIRED.]

Subdivision 1. [FILING.] All mental health service providers shall file with the state, on a form provided by the board, their name; home and business address; telephone number; degrees held, if any, major field, and whether the degrees are from an accredited institution and how the institution is accredited; and any other relevant experience. An applicant for filing who has practiced in another state shall authorize, in writing, the licensing or regulatory entity in the other state or states to release to the board any information on complaints or disciplinary actions pending against that individual, as well as any final disciplinary actions taken against that individual. The board shall provide a form for this purpose. The board may reject a filing if there is evidence of a violation of or failure to comply with this chapter.

Subd. 2. [ACKNOWLEDGMENT OF FILING.] The board shall issue an acknowledgment of filing to each mental health service provider who files under subdivision 1 and relevant rules of the

board, and who is determined by the board to be in compliance with this chapter. The acknowledgment of filing must not be displayed in any manner nor shall it be shown to mental health clients. The acknowledgment of filing shall contain, in bold print, the phrase: "This acknowledgment of filing does not imply or certify in any way that this mental health professional has met any standards or criteria of education or training."

Subd. 3. [NONTRANSFERABILITY.] Acknowledgments of filing are nontransferable.

Subd. 4. [PENALTIES.] Failure to file with the board, or supplying false or misleading information on the filing form, application for registration, or any accompanying statements shall constitute grounds for adverse action.

Subd. 5. [PROVISION OF MENTAL HEALTH SERVICES WITHOUT FILING.] Except as otherwise provided in this chapter, it is unlawful for any person not filing with the board to provide mental health services in this state as defined in section 1, subdivision 4. Any person violating subdivision 1 is guilty of a gross misdemeanor.

Sec. 4. [148B.43] [PROHIBITED USE OF ACKNOWLEDGMENT.]

No mental health service provider may display the acknowledgment received under section 3, subdivision 2, or refer to it in any advertising, on stationary, or in any communication to a client or the public, or otherwise use the fact that the provider has filed with the state as an indication of state approval or endorsement or satisfaction of standards of conduct, training, or skill.

Sec. 5. [148B.44] [PROHIBITED CONDUCT.]

Subdivision 1. [PROHIBITED CONDUCT.] Notwithstanding any law to the contrary, the board may reject a filing or application, or may impose adverse action as described in section 6 against any mental health service provider for failure to comply with the provisions of this chapter. The following conduct is prohibited and is grounds for adverse action:

(a) Conviction of a crime reasonably related to the provision of mental health services. Conviction, as used in this subdivision, includes a conviction of an offense which, if committed in this state, would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned but the adjudication of guilt is either withheld or not entered.

(b) Conviction of crimes against persons. For the purposes of this chapter, a crime against a person means violations of the following sections: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.221; 609.222; 609.223; 609.224; 609.23; 609.231; 609.235; 609.24; 609.245; 609.25; 609.255; 609.265; 609.26, subdivision 1, clause (1) or (2); 609.342; 609.343; 609.344; 609.345; 609.365; 609.498, subdivision 1; 609.50, clause (1); 609.561; 609.562; and 609.595.

(c) Revocation, suspension, restriction, limitation, or other disciplinary action against the mental health professional's license, certificate, registration, or right of practice in another state or jurisdiction, for offenses that would be subject to disciplinary action in this state, or failure to report to the board that charges regarding the person's license, certificate, registration, or right of practice have been brought in another state or jurisdiction.

(d) Advertising that is false or misleading.

(e) Filing with the board false or misleading statements of credentials, training, or experience.

(f) Conduct likely to deceive, defraud, or harm the public; or demonstrating a willful or careless disregard for the health, welfare, or safety of a client; or any other practice that may create unnecessary danger to any client's life, health, or safety, in any of which cases, proof of actual injury need not be established.

(g) Adjudication as mentally incompetent, or as a person who has a psychopathic personality as defined in section 526.09, or who is dangerous to himself or herself, or adjudication pursuant to chapter 253B, as chemically dependent, mentally ill, mentally retarded, or mentally ill and dangerous to the public.

(h) Inability to provide mental health services with reasonable safety to clients by reason of physical, mental, or emotional illness; drunkenness; or use of legend drugs, chemicals, controlled substances, or any other similar materials or mood-altering substances.

(i) Revealing a communication from, or relating to, a client except when otherwise required or permitted by law.

(j) Failure to comply with a client's request made under section 144.335, or to furnish a client record or report required by law.

(k) Splitting fees or promising to pay a portion of a fee to any other professional other than for services rendered by the other professional to the client.

(l) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

(m) Engaging in sexual contact with a client or former client as defined in section 148A.01.

(n) Failure to make reports as required by section 5, or cooperate with an investigation of the board as required by section 7.

(o) Obtaining money, property, or services from a client, other than reasonable fees for services provided to the client, through the use of undue influence, harassment, duress, deception, or fraud.

(p) Undertaking or continuing a professional relationship with a client in which the objectivity of the professional would be impaired.

(q) Failure to provide the client with a copy of the client bill of rights, or violation of any provision of the client bill of rights.

Subd. 2. [EVIDENCE.] In adverse actions alleging a violation of subdivision 1, paragraph (a), (b), or (c), a copy of the judgment or proceeding under the seal of the court administrator or of the administrative agency that entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of its contents.

Subd. 3. [MENTAL EXAMINATION; ACCESS TO MEDICAL DATA.] (a) If the board has probable cause to believe that a mental health service provider comes under subdivision 1, paragraph (g) or (h), it may direct the provider to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision every mental health service provider is deemed to have consented to submit to a mental or physical examination or chemical dependency evaluation when directed in writing by the board and further to have waived all objections to the admissibility of the examining physicians', psychologists', or mental health professional's testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a mental health service provider to submit to an examination when directed constitutes an admission of the allegations against the provider, unless the failure was due to circumstance beyond the provider's control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A mental health service provider affected under this paragraph shall at reasonable intervals be given an opportunity to demonstrate that the provider can resume the provision of mental health services with reasonable safety to clients. In any proceeding under this paragraph, neither the record of proceedings nor the orders entered by the board shall be used against a mental health service provider in any other proceeding.

(b) In addition to ordering a physical or mental examination, the board may, notwithstanding section 13.42, 144.651, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a mental health service provider without the provider's consent if the board has probable cause to believe that a provider comes under subdivision 1, paragraph (g), (h), or (m). The medical data may be requested from a health care professional, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A health care professional, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision, unless the information is false and the person or organization giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is private data under sections 13.01 to 13.87.

Sec. 6. [148B.45] [ADVERSE ACTIONS.]

Subdivision 1. [FORMS OF ADVERSE ACTION.] When the board finds that a mental health service provider has violated a provision or provisions of this chapter, it may do one or more of the following:

- (1) deny or reject the filing;
- (2) revoke the right to practice;
- (3) suspend the right to practice;
- (4) impose limitations or conditions on the provider's provision of mental health services, the imposition of rehabilitation requirements, or the requirement of practice under supervision;
- (5) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the provider of any economic advantage gained by reason of the violation charged or to reimburse the board for all costs of the investigation and proceeding;
- (6) order the provider to provide unremunerated professional service under supervision at a designated public hospital, clinic, or other health care institution; or
- (7) censure or reprimand the provider.

Subd. 2. [PROCEDURES.] The board shall adopt a written statement of internal operating procedures for receiving and investigat-

ing complaints reviewing misconduct cases, and imposing adverse actions.

Subd. 3. [MANDATORY SUSPENSION OR REVOCATION OF RIGHT OF PRACTICE.] The board shall suspend or revoke the right of a provider to provide mental health services for violations of section 4, subdivision 1, paragraphs (a), (b), and (m).

Sec. 7. [148B.46] [MENTAL HEALTH CLIENT BILL OF RIGHTS.]

Subdivision 1. [SCOPE.] All mental health service providers other than those providing services in a facility regulated under section 144.651 shall provide to each client prior to providing treatment a written copy of the mental health client bill of rights. A copy must also be posted in a prominent location in the office of the mental health service provider. Reasonable accommodations shall be made for those clients who cannot read or who have communication impairments and those who do not read or speak English. The mental health client bill of rights shall include the following:

(a) The name, title, business address, and telephone number of the provider.

(b) The degrees, training, experience, or other qualifications of the provider, followed by the following statement in bold print:

**THE STATE OF MINNESOTA HAS NOT ADOPTED UNIFORM EDUCATIONAL AND TRAINING STANDARDS FOR MENTAL HEALTH SERVICE PROVIDERS. THIS STATEMENT OF CREDENTIALS IS FOR INFORMATIONAL PURPOSES ONLY.**

(c) The name, business address, and telephone number of the provider's supervisor, if any.

(d) Notice that a client has the right to file a complaint with the provider's supervisor, if any, and the procedure for filing complaints.

(e) The name, address, and telephone number of the board and notice that a client may file complaints with the board.

(f) The provider's fees per unit of service, the provider's method of billing for such fees, the names of any insurance companies that have agreed to reimburse the provider, or health maintenance organizations with whom the provider contracts to provide service, whether the provider accepts Medicare, medical assistance, or general assistance medical care, and whether the provider is willing to accept partial payment, or to waive payment, and in what circumstances.

(g) A statement that the client has a right to reasonable notice of changes in services or charges.

(h) A brief summary, in plain language, of the theoretical approach used by the provider in treating patients.

(i) Notice that the client has a right to complete and current information concerning the provider's assessment and recommended course of treatment, including the expected duration of treatment.

(j) A statement that clients may expect courteous treatment and to be free from verbal, physical, or sexual abuse by the provider.

(k) A statement that client records and transactions with the provider are confidential, unless release of these records is authorized in writing by the client, or otherwise provided by law.

(l) A statement of the client's right to be allowed access to records and written information from records in accordance with section 144.335.

(m) A statement that other services may be available in the community, including where information concerning services is available.

(n) A statement that the client has the right to choose freely among available providers, and to change providers after services have begun, within the limits of health insurance, medical assistance, or other health programs.

(o) A statement that the client has a right to coordinated transfer when there will be a change in the provider of services.

(p) A statement that the client may refuse services or treatment, unless otherwise provided by law.

(q) A statement that the client may assert the client's rights without retaliation.

Subd. 2. [ACKNOWLEDGMENT BY CLIENT.] Prior to the provision of any service, the client must sign a written statement attesting that the client has received the client bill of rights.

#### Sec. 8. [148B.47] [RENEWALS.]

Notwithstanding any other law, the board shall adopt rules providing for the renewal of filings. The rules shall specify the period of time for which a filing is valid, procedures and information required for the renewal, and renewal fees.

## Sec. 9. [REPORTS.]

Subdivision 1. [COMMISSIONER OF HEALTH.] The commissioner of health shall review the report of the office under sections 214.001, 214.13, and 214.141. The commissioner shall make recommendations to the legislature by January 15, 1991, on the need for registration or licensure of unlicensed mental health service providers and the need to retain the board of unlicensed mental health service providers.

Subd. 2. [BOARD OF UNLICENSED MENTAL HEALTH SERVICE PROVIDERS.] The board of unlicensed mental health service providers must report on the board's findings and activities to the commissioner of health and the legislature by July 1, 1990. The board shall report to the legislature on or before January 15, 1991, with recommendations on whether providers who are not trained should be allowed to continue to practice.

Subd. 3. [LEGISLATIVE INTENT.] Nothing in this section is intended to require the commissioner of health to delay review of applications for credentialing pursuant to sections 214.13 and 214.141 pending the outcome of the reports required under this section.

## Sec. 10. [APPROPRIATION.]

\$835,000 is appropriated from the special revenue fund to the office of social work and mental health boards.

## Sec. 11. [SUNSET.]

Article 4, sections 1 to 8, are repealed effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to occupations and professions; establishing an office of social work and mental health boards; establishing a board of social work; regulating and licensing social workers; establishing a board of marriage and family therapy; licensing and regulating marriage and family therapists; establishing a board of unlicensed mental health service providers; regulating unlicensed health service providers; providing penalties; appropriating money; amending Minnesota Statutes 1986, 144.335, subdivision 1; 148A.01, subdivision 5; 214.01, subdivision 2; 214.04, subdivision 3; and 609.341, subdivision 17; proposing coding for new law as Minnesota Statutes, chapter 148B."

With the recommendation that when so amended the bill pass.

The report was adopted.



Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 523, A bill for an act relating to elections; changing certain voter registration procedures to increase voter participation; providing for a computerized central registration system, voter registration forms in state income tax forms and booklets, and a combined voter registration, driver's license, and identification card form; appropriating money; amending Minnesota Statutes 1986, sections 201.021; 201.054, subdivision 1; 201.061, subdivision 1; 201.071, subdivision 4; 201.081; 201.121, subdivision 1; 201.13; 201.15; 201.161; 201.171; 201.221, subdivision 2; 290.39, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 201.

Reported the same back with the following amendments:

Page 2, line 18, delete "and"

Page 2, line 21, delete the period and insert "; and"

Page 2, after line 21, insert:

"(10) prescribe a procedure for the return of completed voter registration forms from the department of public safety to the secretary of state or the county auditor."

Page 5, line 1, delete "shall" and insert "may"

Page 5, line 5, delete "then"

Page 7, line 11, after "the" insert "county auditor of the county in which the voter maintains residence or to the"

Page 7, line 12, delete "records" and insert "record information relating to name, address, date of birth, driver's license number, county, town, and city"

Page 8, after line 17, insert:

"Sec. 14. Minnesota Statutes 1986, section 201.221, subdivision 4, is amended to read:

Subd. 4. [COUNTY RULES.] The county auditor of each county may adopt rules which delegate to municipal officials in that county the duties assigned to county auditors by this chapter. Delegation to a municipal official requires the approval of the governing body of the municipality. Delegation by the county auditor of the duty to accept registrations does not relieve the county auditor of the duty to accept registrations. When a municipal official is delegated duties

given to the county auditor by this chapter, the governing body of the municipality shall immediately provide the necessary funds, equipment and facilities, establish a place of registration and put the registration plan into operation without delay."

Page 8, line 22, delete "postpaid"

Page 8, line 26, delete "\$....." and insert "\$1,053,500"

Page 8, line 27, delete "general" and insert "special revenue"

Page 8, line 32, delete "..." and insert "six"

Page 8, line 33, delete "\$....." and insert "\$80,492"

Page 8, line 34, delete "general" and insert "trunk highway"

Page 9, line 2, delete "\$....." and insert "\$56,000"

Page 9, line 5, delete "13" and insert "15"

Re-number the sections in sequence

Correct the internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 606, A bill for an act relating to environment; establishing a petroleum tank release cleanup program; authorizing state action to prevent or correct health and environmental damage resulting from releases from petroleum storage tanks; establishing a petroleum tank release cleanup fund; establishing a petroleum tank release compensation board; authorizing reimbursement from the fund; requiring rulemaking; providing for administration by the pollution control agency and the department of commerce; requiring certification of tank installers; appropriating money; amending Minnesota Statutes 1986, sections 116.46, by adding subdivisions; 116.47; and 116.48, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 115C; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Page 12, line 7, delete "September and October" and insert "August and September"

Page 12, line 8, delete "October and November" and insert "September and October"

Page 12, line 11, insert in the blank, "719,200"

Page 12, line 21, insert in the blanks, "386,400" and "397,500"

Page 12, line 23, insert in the blanks, "250,000" and "350,000"

Page 12, line 35, insert in the blanks, "8" and "1"

Page 13, line 6, insert in the blanks, "82,800" and "55,400"

Page 13, line 8, insert in the blank, "2"

Page 13, delete lines 9 to 15

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 794, A bill for an act relating to waste management; regulating disposal of wastes; providing for a solid waste management policy; providing for recycling policy and marketing; managing household hazardous wastes; regulating the sale and disposal of motor oil and lead acid batteries; providing for waste pesticide collection; appropriating money; amending Minnesota Statutes 1986, sections 115A.03, subdivisions 9 and 21; 115A.06, subdivision 14; 115A.11, subdivision 2; 115A.42; 115A.45; 115A.49; 115A.51; 115A.52; 115A.53; 115A.54, subdivision 2a; 115A.81, subdivision 2; 115A.921; 115A.95; 116.07, subdivision 4b; 116.41, subdivision 2; 116M.07, by adding a subdivision; 176.011, subdivision 9; 239.52; 325E.11; 473.149, subdivisions 2d and 6; 473.803, by adding a subdivision; 473.834, subdivision 2; 473.842, subdivision 2; 473.844, subdivisions 1 and 4; and 473.846; proposing coding for new law in Minnesota Statutes, chapters 115A; 239; 325E; and 473; repealing Minnesota Statutes 1986, sections 115A.13; 115A.43; 115A.44; 473.834, subdivision 3; and 473.844, subdivisions 2 and 5.

Reported the same back with the following amendments:

Page 3, after line 29, insert:

"Sec. 6, Minnesota Statutes 1986, section 115A.15, subdivision 6, is amended to read:

Subd. 6. [RESOURCE RECOVERY REVOLVING ACCOUNT.] Upon the certification of the commissioner of administration, the commissioner of finance shall establish an account in the general services revolving fund, effective June 30, 1980, for the operation of the state government resource recovery program. The revolving account shall consist of all funds appropriated by the state for the program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program and all reimbursements to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, local governments, and regional agencies. The account may be used for all activities associated with the program including payment of administrative and operating costs, except statewide and agency indirect costs. The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities, collect those savings from the account responsible for disposing of wastes produced in state buildings, and credit the savings to the resource recovery revolving account."

Page 9, after line 9, insert:

"(d) In addition to any assistance received under clause (b) or (c), a project may receive grant assistance for the cost of tests necessary to determine the appropriate pollution control equipment for the project or the environmental effects of the use of any product or material produced by the project."

Reletter the clauses accordingly

Page 11, line 6, after "collect" insert "from a defined geographic service area or areas"

Page 11, delete line 7 and insert "released by generators for collection."

Page 11, line 10, delete "3" and insert "4" and after the period insert:

"Subd. 3. [GENERAL PROVISIONS.] (a)"

Page 11, line 14, before "Organized" insert:

"(b) The local government unit may not establish or administer organized collection in a manner that impairs the preservation and development of recycling and markets for recyclable materials. The local government unit shall exempt recyclable materials from orga-

nized collection upon a showing by the generator or collector that the materials are or will be separated from mixed municipal solid waste by the generator, separately collected, and delivered for reuse in their original form or for use in a manufacturing process.

(c)”

Page 11, line 16, after “(except” insert “(1)” and after “and” insert “(2)”

Page 11, line 23, delete “3” and insert “4”

Page 24, line 12, delete “1b” and insert “1e”

Page 24, line 24, delete “before the combustion”

Page 24, delete line 25 and insert “through mechanical or hand separation of materials that are then delivered for reuse in their original form or for use in manufacturing processes.”

Page 27, line 13, delete “expand” and insert “enhance or increase the effectiveness of”

Page 30, delete lines 4 to 36, and insert:

“Sec. 42. [APPROPRIATIONS; COMPLEMENT.]

Subdivision 1. [APPROPRIATIONS.] The following amounts are appropriated from the solid and hazardous waste account to the agencies and for the purposes and fiscal years specified:

	<u>1988</u>	<u>1989</u>
(a) <u>To the waste management board:</u>		
(1) <u>For nonhazardous and industrial waste grants and technical assistance under section 3</u>	\$ 25,000	\$ 25,000
(2) <u>For public education under section 4</u>	95,000	95,000
(3) <u>For the solid waste management policy report under section 7</u>	30,000	30,000
(4) <u>For market development for recyclables under section 10</u>	100,000	100,000
(5) <u>For waste reduction and separation projects and technical assistance under section 14</u>	150,000	150,000

(b) To the pollution control agency:

<u>(1) For the solid waste management policy report under section 7</u>	<u>30,000</u>	<u>30,000</u>
<u>(2) For household hazardous waste management under section 22</u>	<u>215,800</u>	<u>300,200</u>
<u>(3) For pilot waste pesticide collection under section 40</u>	<u>145,800</u>	<u>70,000</u>
<u>(c) To the department of public service for notice and inspection program under section 28</u>	<u>3,600</u>	<u>3,600</u>

Amounts unexpended in one fiscal year are available for expenditure in the other fiscal year.

Subd. 2. [COMPLEMENT.] The approved complement of the following agencies is increased as specified:

(a) Waste management board, four positions.

(b) Pollution control agency, five positions."

Page 31, line 12, delete "In"

Page 31, line 13, delete "May" and insert "By July 1,"

Page 31, after line 19, insert:

"Subd. 5. [CONTINGENCY ACTION FUND; WORK PROGRAM REQUIRED.] Each year, the agency shall submit to the legislative commission on waste management, in the form determined by the commission, a budget and work program showing anticipated expenditures from the metropolitan landfill contingency action fund for the following fiscal year. The agency may not spend the money until the commission has made its recommendations on the budget and work program. The recommendations are advisory only."

Reorder the sections in sequence

Correct the internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1045, A bill for an act relating to insurance; establishing a demonstration project to provide medical insurance to certain low income persons; proposing coding for new law in Minnesota Statutes, chapter 256B.

Reported the same back with the following amendments:

Page 3, line 6, after the period insert "The sliding fee should be considered payment in full for the coverage provided."

Page 4, line 27, delete "This section" and insert "Section 1"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1095, A bill for an act relating to state government; reorganizing the department of agriculture, the department of energy and economic development, and the department of public service, and providing for the powers and duties of the three departments; changing the name of the department of energy and economic development to the department of trade and economic development; designating the department of jobs and training as the administrative agency for certain juvenile justice and delinquency prevention purposes; providing grants for youth intervention programs; creating the Minnesota world trade center corporation and providing for its powers and duties; changing the membership of the world trade center board; authorizing the board to contract for certain services and programs; establishing the conference and service facility fund; appropriating money; amending Minnesota Statutes 1986, sections 17.03, subdivision 1, and by adding a subdivision; 18.023, subdivision 11; 18.024, subdivision 1; 43A.08, subdivision 1; 44A.01; 44A.02; 44A.031; 104.35, subdivisions 2 and 3; 115A.12, subdivision 2; 116C.03, subdivision 2; 116J.01; 116J.03; 116J.58, subdivision 2; 116J.60; and 116J.63, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 44A; 116J; and 268; proposing coding for new law as Minnesota Statutes, chapter 216C; repealing Minnesota Statutes 1986, sections 4.09; 17.03, subdivision 5; 44A.03; 44A.04; 44A.05; 44A.07; 116J.404; and 116J.405.

Reported the same back with the following amendments:

Page 22, delete lines 24 to 29 and insert:

"Subd. 3. [OPERATING EXPENSES APPROPRIATION.] \$135,000 the first year and \$180,000 the second year is appropriated from the general fund to the commissioner of administration to pay the operating expenses of the Minnesota world trade center conference and service center as required by the development agreement, to be available until June 30, 1989. If the appropriation for either year is insufficient, the appropriation for the other year is available for it."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1183, A bill for an act relating to human services; establishing service principles and rate-setting procedures for day training and habilitation services provided to persons with mental retardation and related conditions; amending Minnesota Statutes 1986, sections 245.782, subdivision 5; 252.21; 252.22; 252.23; 252.24, subdivisions 1 and 4; 252.25; 256B.02, subdivision 8; 256B.501, subdivisions 1, 2, and 8; 256E.09, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252; repealing Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a; repealing Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310.

Reported the same back with the following amendments:

Page 2, line 8, reinstate the stricken "eligible" and delete "with"

Page 2, delete lines 9 and 10

Page 2, line 11, delete "chapter 120"

Page 3, line 19, delete the new language

Page 3, line 20, delete the new language and strike "because of"

Page 3, line 21, strike "their chronological age"

Page 7, line 35, delete "A"

Page 7, delete line 36

Page 8, delete lines 1 and 2



Page 8, line 3, delete "compliance with this clause by January 1, 1989."

Page 8, line 4, after "centers" insert "or vendors licensed prior to April 15, 1983"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1210, A bill for an act relating to human services; regulating the licensure of programs for the care of children or of adults with certain disabilities; providing penalties; replacing the existing licensure law; proposing coding for new law as Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 1986, sections 245.781; 245.782; 245.783; 245.791; 245.792; 245.801; 245.802; 245.803; 245.804; 245.805; 245.811; 245.812; 245.88; 245.881; 245.882; 245.883; 245.884; and 245.885.

Reported the same back with the following amendments:

Page 2, line 36, delete "with" and insert "that receives public funds to provide services for"

Page 3, line 2, delete everything after "and" and insert "who do not have a significant physical or medical problem that necessitates nursing home care"

Page 3, line 3, delete "commissioner"

Page 3, line 29, delete "provides" and insert "receives public funds, administered by the commissioner, to provide"

Page 3, line 31, delete everything after "and" and insert "who do not have a significant physical or medical problem that necessitates nursing home care"

Page 3, line 32, delete "administered by the commissioner"

Page 5, line 6, after "health" insert "except as specified under section 2"

Page 11, after line 3, insert:

"Subd. 8. [HOSPITAL INSPECTIONS.] Licensing authority granted under this section shall not modify the presumption regard-

ing routine hospital inspections under section 144.55, subdivision 4."

Page 19, after line 23, insert:

"(d) The commissioner may specify in rule periods of licensure up to two years."

Page 19, after line 23, insert:

"Sec. 10. [245A.095] [REVIEW OF RULES FOR PROGRAMS SERVING PERSONS WITH MENTAL ILLNESSES.]

Subdivision 1. Residential programs for five or more persons with a mental illness must be licensed under sections 1 to 17. To assure that this requirement is met, the commissioner of health, in cooperation with the commissioner of human services, shall monitor licensed boarding care, board and lodging, and supervised living facilities.

Subd. 2. [SPECIFIC REVIEW OF RULES.] The commissioner shall:

(1) provide in rule for various levels of care to address the residential treatment needs of persons with mental illness;

(2) review category I and II programs established in Minnesota Rules, parts 9520.0500 to 9520.0690 to ensure that the categories of programs provide a continuum of residential service programs for persons with mental illness;

(3) provide in rule for a definition of the term "treatment" as used in relation to persons with mental illness;

(4) adjust funding mechanisms by rule as needed to reflect the requirements established by rule for services being provided;

(5) review and recommend staff educational requirements and staff training as needed; and

(6) review and make changes in rules relating to residential care and service programs for persons with mental illness as the commissioner may determine necessary.

Subd. 3. [HOUSING SERVICES FOR PERSONS WITH MENTAL ILLNESS.] The commissioner of human services shall study the housing needs of people with mental illness and shall articulate a continuum of services from residential treatment as the most intensive service through housing programs as the least intensive. The commissioner shall develop recommendations for implementing

the continuum of services and shall present the recommendations to the legislature by January 31, 1988."

Page 28, after line 1, insert:

"Sec. 18. Minnesota Statutes 1986, section 256D.01, is amended by adding a subdivision to read:

Subd. 1c. [PAYMENTS TO FACILITIES.] After the effective date of this subdivision, the commissioner shall make no payments under rules authorized by subdivision 1b to newly-licensed facilities which have five or more residents with a primary diagnosis of mental illness unless they are licensed or exempted from licensure under chapter 245A. The commissioner of health shall monitor newly-licensed boarding care, board and lodging and supervised living facilities, and shall report to the commissioner of human services facilities that are not in compliance with this subdivision.

Sec. 19. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 4. After the effective date of this subdivision, the commissioner shall make no payments under subdivision 1 to newly-licensed facilities which have five or more residents with a primary diagnosis of mental illness unless they are licensed or exempted from licensure under chapter 245A. The commissioner of health shall monitor newly-licensed boarding care, board and lodging and supervised living facilities, and shall report to the commissioner of human services facilities that are not in compliance with this subdivision."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1297, A bill for an act relating to the uniform commercial code; providing a computerized filing system and central data base for uniform commercial code financing statements and lien state-

ments; imposing a penalty; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 336.

Reported the same back with the following amendments:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1986, section 336.9-407, is amended to read:

336.9-407 [INFORMATION FROM FILING OFFICER.]

(1) If the person filing any financing statement, termination statement, statement of assignment, or statement of release, furnishes the filing officer a copy thereof, the filing officer shall upon request note upon the copy the file number and date and hour of the filing of the original and deliver or send the copy to such person.

(2) Upon request of any person, the filing officer shall conduct a search of a file for any effective financing statements naming a particular debtor and any statement of assignment thereof. The filing officer shall report the findings as of that date and hour by issuing:

(a) a certificate listing the file number, date, and hour of each filing and the names and addresses of each secured party therein;

(b) photocopies of the original documents on file; or,

(c) upon request, both the certificate and photocopies of the statements.

The uniform fee for conducting the search and for preparing a certificate showing up to five listed filings or for preparing up to five photocopies of original documents, or any combination of up to five listed filings and photocopies, shall be \$5 if the request is in the standard form prescribed by the secretary of state and otherwise shall be \$10. Another fee, at the same rate, shall also be charged for conducting a search and preparing a certificate showing federal and state tax liens on file with the filing officer naming a particular debtor. There shall be an additional fee of 50 cents for each financing statement and each statement of assignment or tax lien listed on the certificate and for each photocopy prepared in excess of the first five. Notwithstanding the fees set in this clause, a natural person who is the subject of data must, upon the person's request, (i) be shown the data without charge; and (ii) be provided with photocopies of the data upon payment of no more than the actual cost of making the copies.

Page 3, line 15, after the period insert "The surcharge does not apply to a search request made by a natural person who is the subject of the data to be searched except when a certificate is requested as a part of the search."

Page 3, line 33, delete "\$....." and insert "\$500,000"

Page 4, line 6, delete "....." and insert "seven"

Renumber the sections in sequence

Correct internal cross references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1351, A bill for an act relating to natural resources; authorizing the taking of elk and amending related laws; authorizing compensation for certain crop damage caused by elk; appropriating money; amending Minnesota Statutes 1986, sections 97A.421, subdivision 6; 97A.431; 97A.465, subdivisions 1 and 3; 97A.471, subdivision 3; 97A.475, subdivision 2; 97A.525, subdivision 1; 97A.535; and 97B.201; proposing coding for new law in Minnesota Statutes, chapters 3 and 97B.

Reported the same back with the following amendments:

Page 2, line 8, delete "1985" and insert "the effective date of this act"

Page 2, line 32, delete "Money" and insert "Total compensation to all claimants shall not exceed the amount of funds appropriated for this act."

Page 2, delete lines 33 and 34

Page 2, line 35, delete "fund."

Page 7, after line 12, insert:

"Sec. 13. [FEE TRANSFER.]

All fees collected under this act above and beyond the administrative costs associated with the programs established by this act shall be deposited in the general fund as reimbursement for payments made to the commissioner of agriculture for landowner compensation under a bill styled as H.F. No. 1315."

Renumber the remaining section

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1399, A bill for an act relating to economic development; authorizing certain entities involved in economic development to participate in secondary markets; authorizing the use of appropriated money for secondary market purposes; amending Minnesota Statutes 1986, sections 116M.04, by adding a subdivision; 116M.08, by adding a subdivision; 362A.03, by adding a subdivision; 458.192, by adding a subdivision; 458C.14, by adding a subdivision; and 462.445, subdivision 4.

Reported the same back with the following amendments:

Page 1, lines 22 and 23, delete "public agency" and insert "community development corporation"

Pages 6 and 7, delete section 7 and insert:

"Sec. 7. [USE OF FUNDS.]

The commissioner of energy and economic development may use up to \$500,000 of the money appropriated for fiscal years 1988 and 1989 for economic recovery grants under section 116J.873, for the purposes of a grant to an organization that is planning for the establishment of a secondary market for economic development loans. The grant must be used for the establishment of a pilot program to determine the long-term feasibility of a secondary market. For the purposes of this section "economic development loans" means loans made for the purposes of economic development, job creation, redevelopment, or community revitalization. In the selection of the organization to receive the grant, the commissioner must take into consideration the organization's potential for raising nonstate funds to supplement the pilot program.

The grant must be used (i) to fund a debt service reserve, or to purchase or obtain insurance, letter of credit or other type of

financial guaranty or enhancement deemed necessary or appropriate to facilitate the purchase of economic development loans; (ii) for professional fees or expenses associated with such transactions; or (iii) for the administrative expenses of the organization receiving the grant. The amount of the grant that may be used for administrative costs is limited to ten percent of the grant."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1621, A bill for an act relating to unemployment compensation; appropriating federal money received for unemployment compensation administration.

Reported the same back with the following amendments:

Page 2, line 17, delete "\$728,000" and insert "\$731,000"

Page 2, after line 21, insert:

"Sec. 2. [CONTINGENCY.]

In the event that funds for the upgrade of facilities in section 1, paragraph (j), become available through passage of other legislation, \$731,000 is available for a job search and self-assessment unemployment insurance eligibility system."

Renumber the remaining section

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., 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; regulating hospice programs; appropriating money; amending Minnesota Statutes 1986, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53; 144A.54, subdivision 1; 256B.04, by adding

a subdivision; 364.09; and 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. Minnesota Statutes 1986, section 144.335, subdivision 1, is amended to read:

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

(a) “Patient” means a natural person who has received health care services from a provider for treatment of a medical, psychiatric or mental condition, or a person the patient designates in writing as a representative. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, “patient” includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) “Provider” means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapters 147, 148, 150A, 151 or 153; (2) a home care provider licensed under section 6; and ~~(2)~~ (3) a health care facility licensed pursuant to this chapter or chapter 144A.

Sec. 2. Minnesota Statutes 1986, 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, home care providers, 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, home care providers, and health professionals.

Sec. 3. [144A.43] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 7.



Subd. 2. [COMMISSIONER.] “Commissioner” means the commissioner of health.

Subd. 3. [HOME CARE SERVICE.] “Home care service” means any of the following services when delivered in a place of residence to a person whose illness, disability, or physical condition creates a need for the service:

- (1) nursing services, including the services of a home health aide;
- (2) personal care services not included under sections 148.171 to 148.299;
- (3) physical therapy;
- (4) speech therapy;
- (5) respiratory therapy;
- (6) occupational therapy;
- (7) nutritional services;
- (8) home management services when provided to a person who is unable to perform these activities due to illness, disability, or physical condition. Home management services include at least two of the following services: housekeeping, meal preparation, laundry, shopping, and other similar services;
- (9) medical social services;
- (10) the provision of medical supplies and equipment when accompanied by the provision of a home care service;
- (11) the provision of hospice core services as specified in section 8; and
- (12) other similar medical services and health-related support services identified by the commissioner in rule.

Subd. 4. [HOME CARE PROVIDER.] “Home care provider” means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of home care services for a fee. At least one home care service must be provided directly, although additional home care services may be provided by contractual arrangements. “Home care provider” includes a hospice program defined in section 8. “Home care provider” does not include:

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

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

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

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

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

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

(7) an individual or agency that only provides chore, housekeeping, or child care services which do not involve the provision of home care services;

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

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

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

(11) an individual licensed under chapter 147.

Sec. 4. [144A.44] [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 the 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 a provider, whether the services are covered by health insurance, medical assistance, or other health programs, and the provider'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 and providers, and to know where to go for information about these services;

(8) the right to choose freely among available providers and to change providers 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 allowed access to records and written information from records in accordance with section 144.335;

(11) the right to be served by people who are properly trained and competent to perform their duties;

(12) the right to be treated with courtesy and respect;

(13) the right to be free from physical and verbal abuse;

(14) the right to reasonable notice of changes in services or charges;

(15) the right to a coordinated transfer when there will be a change in the provider of services;

(16) the right to know how to contact an individual associated with the provider who is responsible for handling problems and the name and address of the state or county agency to contact for additional information or assistance; and

(17) the right to assert these rights without retaliation.

Subd. 2. [INTERPRETATION AND 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 3, subdivision 3. A home care provider 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 providers licensed under this act. A copy of these rights must be provided to an individual at the time home care services are initiated. The copy shall also contain the address and phone number of the office of health facility complaints and a brief statement describing how to file a complaint with that office.

Sec. 5. [144A.45] [REGULATION OF HOME CARE SERVICES.]

Subdivision 1. [PURPOSE.] The commissioner shall regulate and control the delivery of home care services in order to protect consumers, assure quality of care, improve access to services, and prevent fraud.

Subd. 2. [REGULATORY FUNCTIONS.] The commissioner shall:

(1) evaluate, monitor, and license home care providers in accordance with sections 5 to 8 and 14;

(2) inspect the office and records of a provider during regular business hours, provided that when conducting routine office visits or inspections, the commissioner shall provide at least 48 hours' advance notice to the home care provider;

(3) with the consent of the consumer, visit the home where services are being provided;

(4) issue correction orders and assess civil penalties in accordance with section 144.653, subdivisions 5 to 8;

(5) take other action reasonably required to accomplish the purposes of sections 2 to 8 and 14; and

(6) adopt rules governing home care providers. The rules adopted by the commissioner may include the following:

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

(b) requirements that home care providers furnish the commissioner specified information necessary to implement sections 2 to 8 and 14;

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

(d) standards of supervision by a registered nurse or other appropriate health care professionals of personnel providing home care services, which may vary according to the nature of the services provided or the health status of the consumer;

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

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

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

In the exercise of the authority granted in sections 2 to 8 and 14, the commissioner shall comply with the applicable requirements of section 144.122, the government data practices act, and the administrative procedure act.

Subd. 3. [ADVISORY TASK FORCE.] The commissioner of health shall establish and appoint a home care advisory task force consisting of 15 members representing the various kinds of home care providers, including a hospice program, health care professionals, community health services agencies, and consumers. The appointment, removal, and compensation of members is as provided in section 15.059, subdivision 6. The task force shall provide advice and recommendations to the commissioner regarding the development of rules required by subdivision 2.

Sec. 6. [144A.46] [LICENSURE.]

Subdivision 1. [LICENSE REQUIRED.] (a) A home care provider may not operate in the state without a current license issued by the commissioner of health.

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

Subd. 2. [EXEMPTIONS.] The following individuals or organizations are exempt from the requirement to obtain a home care provider license:

(1) a person who is licensed under sections 148.171 to 148.285 and who independently provides nursing services in the home without any contractual or employment relationship to a home care provider or other organization;

(2) a personal care assistant who provides services under the medical assistance program as authorized under section 256B.02, subdivision 8, paragraph (17), and section 15;

(3) a person or organization that exclusively offers, provides, or arranges for personal care assistant services under the medical assistance program as authorized under section 256B.02, subdivision 8, paragraph (17), and section 15;

(4) a person who is registered under sections 148.65 to 148.78 and who independently provides physical therapy services in the home without any contractual or employment relationship to a home care provider or other organization;

(5) a person who provides services to a person with mental retardation under a program of semi-independent living services regulated by Minnesota Rules, parts 9525.0500 to 9525.0660; or

(6) a person who provides services to a person with mental retardation under contract with a county to provide home and community-based services that are reimbursed under the medical assistance program, chapter 256B, and regulated by Minnesota Rules, parts 9525.1800 to 9525.1930.

An exemption under this subdivision does not excuse the individual from complying with applicable provisions of the home care bill of rights.

Subd. 3. [ENFORCEMENT.] The commissioner may refuse to grant or renew a license, or may suspend or revoke a license, for violation of statutes or rules relating to home care services or for conduct detrimental to the welfare of the consumer. Prior to any suspension, revocation, or refusal to renew a license, the home care provider shall be entitled to notice and a hearing as provided by sections 14.57 to 14.70. In addition to any other remedy provided by law, the commissioner may, without a prior contested case hearing, temporarily suspend a license or prohibit delivery of services by a provider 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 provider; (2) after notice, the provider fails to correct the problem; (3) the commissioner has reason to believe that other administrative remedies are not likely to be effective; and (4) there is an opportunity for a contested case hearing within the 60 days. The process of suspending or revoking a license must include a plan for transferring affected clients to other providers.

Subd. 4. [RELATION TO OTHER REGULATORY PROGRAMS.] In the exercise of the authority granted under sections 2 to 8 and 14, the commissioner shall not duplicate or replace standards and requirements imposed under another state regulatory program. 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 4. For home care providers certified under the Medicare program, the state standards must not be inconsistent with the Medicare standards for Medicare services. To the extent possible, the commissioner shall coordinate the inspections required under sections 5 and 8 with the health facility licensure inspections required under sections 144.50 to 144.58 or 144A.10 when the health care facility is also licensed under the provisions of this act.

Subd. 5. [PRIOR CRIMINAL CONVICTIONS.] An applicant for a home care provider license shall disclose to the commissioner all criminal convictions of persons involved in the management, operation, or control of the provider. A home care provider shall require employees of the provider and applicants for employment to disclose all criminal convictions. No person may be employed by a home care provider or involved in the management, operation, or control of a provider, if the person has been convicted of a crime that relates to the provision of home care services or to the position, duties, or responsibilities undertaken by that person in the operation of the home care provider, unless the person can provide sufficient evidence

of rehabilitation. The commissioner shall adopt rules for determining whether a crime relates to home care services and what constitutes sufficient evidence of rehabilitation. The rules must require consideration of the nature and seriousness of the crime; the relationship of the crime to the purposes of home care licensure and regulation; the relationship of the crime to the ability, capacity, and fitness required to perform the duties and discharge the responsibilities of the person's position; mitigating circumstances or social conditions surrounding the commission of the crime; the length of time elapsed since the crime was committed; the seriousness of the risk to the home care client's person or property; and other factors the commissioner considers appropriate. Data collected under this subdivision shall be classified as private data under section 13.02, subdivision 12.

Sec. 7. [144A.47] [INFORMATION AND REFERRAL SERVICES.]

The commissioner shall ensure that information and referral services relating to home care are available in all regions of the state. The commissioner shall collect and make available information about available home care services, sources of payment, providers, and the rights of consumers. The commissioner may require home care providers to provide information requested for the purposes of this section, including price information, as a condition of registration or licensure. Specific price information furnished by providers under this section is not public data and must not be released without the written permission of the agency. The commissioner may publish and make available:

- (1) general information and a summary of the range of prices of home care services in the state;
- (2) limitations on hours, availability of services, and eligibility for third-party payments, applicable to individual providers; and
- (3) other information the commissioner determines to be appropriate.

Sec. 8. [144A.48] [HOSPICE PROGRAMS.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given to them:

- (1) "Hospice core services" means physician services, registered nursing services, medical social services, pastoral care or other counseling services, and volunteer services. Hospice core services may be provided either directly by the hospice program or through a service contract or other arrangement;



(2) "Hospice patient" means an individual who has been diagnosed as terminally ill with a probable life expectancy of under one year, as documented by the individual's attending physician, and who alone or, when unable, through the hospice patient's family has voluntarily consented to and received admission to a hospice program;

(3) "Hospice patient's family" means the immediate kin of the hospice patient and other relatives, the hospice patient's guardian, primary caregivers, or persons identified by the hospice patient as having significant personal ties;

(4) "Hospice program" means a centrally coordinated program that ensures continuity and consistency of home and inpatient care provided directly or through an agreement. Hospice core services are provided under the direction of an identifiable hospice administration. The hospice interdisciplinary team provides palliative care and supportive medical and other services to terminally ill hospice patients and patients' families to meet the physical, nutritional, emotional, social, spiritual, and special needs experienced during the final stages of illness, dying, and bereavement;

(5) "Interdisciplinary team" means a group of qualified individuals with expertise in meeting the special needs of hospice patients and patients' families. The interdisciplinary team must, at a minimum, include individuals who are providers of the hospice core services;

(6) "Palliative care" means care directed at managing the symptoms experienced by the hospice patient, intended to enhance the quality of life for the hospice patient, and the patient's family, but not directed at curing the illness; and

(7) "Volunteer services" means services by volunteers who provide a personal presence that augments a variety of professional and nonprofessional services available to the hospice patient, the patient's family, and the hospice program. Volunteers must complete a hospice training program and must be qualified for any services they provide.

Subd. 2. [LICENSE REQUIREMENTS.] A hospice program may not operate in the state or use the words "hospice" or "hospice program" without a current license issued by the commissioner of health. The commissioner shall license hospice programs using the powers and authorities contained in sections 3 to 7 and 14. In addition a hospice program must provide:

(1) centrally coordinated hospice core services in the home and inpatient settings;

(2) that the medical components of the hospice program are under the direction of a licensed physician who serves as medical director;

(3) that the palliative medical care provided to a hospice patient is under the direction of the attending physician;

(4) an interdisciplinary team that meets regularly to develop, implement, and evaluate the hospice program's plan of care for each hospice patient and the patient's family;

(5) accessible hospice care, 24 hours a day, seven days a week;

(6) an ongoing system of quality assurance;

(7) a planned program of supportive services available to patients' families during the bereavement period; and

(8) that inpatient services are provided directly or by arrangement in a licensed hospital or nursing home.

Subd. 3. [REQUIRED INSPECTIONS.] The commissioner shall inspect the hospice program, the home care and the inpatient care provided by the hospice program to determine if the requirements of sections 5 to 8 are met.

Subd. 4. [RULE AUTHORITY.] The commissioner shall promulgate rules to implement the provisions of this section.

Subd. 5. [LICENSE DESIGNATION.] A license issued to a home care provider meeting the requirements contained in this section shall indicate that the provider is qualified to offer hospice care.

Sec. 9. Minnesota Statutes 1986, 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 care provider, 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 1986, section 144A.51, is amended by adding a subdivision to read:

Subd. 7. "Home care provider" means a home care provider as defined in section 3, subdivision 4.

Sec. 11. Minnesota Statutes 1986, section 144A.52, subdivision 3, is amended to read:

Subd. 3. The director may delegate to members of the staff any of the authority or duties of the director except the duty of formally making recommendations to the legislature, administrative agencies, health facilities, health care providers, home care providers, and the state commissioner of health.

Sec. 12. Minnesota Statutes 1986, section 144A.53, is amended to read:

144A.53 [DIRECTOR; POWERS AND DUTIES.]

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 care providers, or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that a fee may not be charged 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 initiative of the director, any action or failure to act by a health care provider, home care provider, 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 care provider, or a health facility which the director deems necessary for the discharge of 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 care provider, or under section 5;

(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 care providers, 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.

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 care provider, or a health facility. The director 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 any action upon them. After completing an investigation of a complaint, the director shall inform the complainant, the administrative agency having jurisdiction over the subject matter, the health care provider, the home care provider, and the health facility of the action taken.

Subd. 3. [RECOMMENDATIONS.] If, after duly considering a complaint and whatever material the director deems pertinent, the director determines that the complaint is valid, the director may recommend that an administrative agency, a health care provider, a home care provider, 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 care provider, or health facility shall, within the time specified, inform the director about the action taken on a recommendation.

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 care provider, or health facility has acted in a manner warranting criminal or

disciplinary proceedings, the director shall refer the matter to the state commissioner of health, the commissioner of human services, an appropriate prosecuting authority, or other appropriate agency.

Sec. 13. Minnesota Statutes 1986, 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 the conclusions and recommendations. The director shall transmit the 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 care provider, or a health facility, the director shall consult with that agency, health care provider, home care provider, or facility. When publishing an opinion adverse to an administrative agency, a health care provider, a home care provider, or a health facility, the director shall include in the publication any statement of reasonable length made to the director by that agency, health care provider, home care provider, or health facility in defense or explanation of the action.

#### Sec. 14. [TEMPORARY PROCEDURES.]

For purposes of this section, "home care providers" shall mean the providers described in section 3, subdivision 4, including hospice programs described in section 8. Home care providers are exempt from the licensure requirement in section 6, subdivision 1, until 90 days after the effective date of the licensure rules. Beginning July 1, 1987, no home care provider, as defined in section 3, subdivision 4, except a provider exempt from licensure under section 6, subdivision 2, may provide home care services in this state without registering with the commissioner. A home care provider is registered with the commissioner when the commissioner has received in writing the provider'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. A registration fee must be submitted with the application for registration. The fee must be established pursuant to section 144.122 and must be based on a consideration of the following factors: the number of clients served by the home care provider, the number of employees, the number of services offered, and annual revenues of the provider. The registration is effective until 90 days after licensure rules are effective. In order to maintain its registration and provide services in Minnesota, a home care provider must comply with section 4 and comply with requests for information under section 7. A registered

home care provider is subject to sections 144A.51 to 144A.54. Registration under this section does not exempt a home care provider from the licensure and other requirements later adopted by the commissioner.

Within 90 days after the effective date of the licensure rules under section 5, the commissioner of health shall issue provisional licenses to all home care providers registered with the department as of that date. The provisional license shall be valid until superseded by a license issued under section 6 or for a period of one year, whichever is shorter. Applications for licensure as a home care provider received on or after the effective date of the home care licensure rules, shall be issued under section 6, subdivision 1.

Sec. 15. Minnesota Statutes 1986, section 256B.04, is amended by adding a subdivision to read:

Subd. 16. [PERSONAL CARE ASSISTANTS.] (a) The commissioner shall adopt permanent rules to implement, administer, and operate the personal care assistant services program. The rules must incorporate the standards and requirements adopted by the commissioner of health under section 5 which are applicable to the personal care assistant program. Limits on the extent of personal care assistant services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

(1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;

(2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;

(3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and visits by the registered nurse supervising the personal care assistant;

(4) that agencies establish a grievance mechanism; and

(5) that agencies have a quality assurance program.

(b) For personal care assistants under contract with an agency under paragraph (a), the provision of training and supervision by the agency does not create an employment relationship.

Sec. 16. Minnesota Statutes 1986, section 364.09, is amended to read:

364.09 [LAW ENFORCEMENT; EXCEPTION EXCEPTIONS.]

This chapter shall not apply to the practice of law enforcement, to eligibility for a family day care license or, a family foster care license, a home care provider license, or to eligibility for school bus driver endorsements. Nothing in this section shall be construed to preclude the Minnesota police and peace officers training board from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement.

Sec. 17. Minnesota Statutes 1986, 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 care provider licensed under section 6.

(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 care provider licensed under section 6; 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. 18. [APPROPRIATION.]

\$516,600 is appropriated from the general fund to the commissioner of health for the regulation of home care services to be available until June 30, 1989.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to health; requiring licensure of home care providers and hospice programs; providing a home care bill of rights; providing a complaint procedure for home care clients; appropriating money; amending Minnesota Statutes 1986, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53; 144A.54, subdivision 1; 256B.04, by adding a subdivision; 364.09; and 626.557, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 735, A bill for an act relating to human services; providing for a statewide interpreter service for hearing impaired persons; altering membership on Minnesota council for the hearing impaired; amending Minnesota Statutes 1986, sections 256C.24, subdivisions 2 and 3; 256C.25, subdivisions 1 and 2; and 256C.28, subdivisions 1 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 256C.24, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITIES.] The regional service center shall:

(a) serve as the central entry point for hearing impaired persons in need of human services and make referrals to the services needed;

(b) employ staff trained to work with hearing impaired persons;

(c) provide to all hearing impaired persons access to interpreter services which are necessary to help them obtain human services;

(d) serve as the regional interpreter referral center for hearing impaired persons and human services agencies assist the central interpreter referral agency with local and regional interpreter referrals;

(e) implement a plan to provide loan equipment and resource materials to hearing impaired persons; and

(f) cooperate with responsible departments and administrative authorities to provide access for hearing impaired persons to services provided by state, county and regional agencies.

Sec. 2. Minnesota Statutes 1986, section 256C.24, subdivision 3, is amended to read:

Subd. 3. [ADVISORY COMMITTEE.] The commissioner of human services shall appoint an advisory committee of eight persons for each regional service center. Members shall include four persons who are hearing impaired persons or who are the parents of a hearing impaired child children, and four representatives of county and regional human services, including representatives of private service providers. Members shall serve without payment by the state of per diem or expense At least 50 percent of the members must be hearing impaired. The commissioner of human services shall designate one member as chair. The commissioner of human services shall assign staff to serve as ex officio members of the committee. The compensation, removal of members, and filling of vacancies on the committee shall be as provided in section 15.0575.

Sec. 3. Minnesota Statutes 1986, section 256C.25, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall supervise the development and implementation of a statewide interpreter referral service. The commissioner of human services shall contract with an appropriate ~~organizations~~ agency to provide this centralized service.

Sec. 4. Minnesota Statutes 1986, section 256C.25, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The central interpreter referral service agency shall:

(a) Establish and maintain a statewide directory of interpreters who have received appropriate training and certification interpreter referral service, maintain statistics related to interpreter referral services, and maintain a statewide directory of qualified interpreters;

(b) Provide technical assistance to Cooperate with the regional service centers in implementing the providing interpreter referral service; and

(c) Assess the present and projected supply and demand for interpreting services statewide Cooperate with the regional service centers on projects to train interpreters and advocate for and evaluate interpreter services.

Sec. 5. Minnesota Statutes 1986, section 256C.28, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The Minnesota council for the hearing impaired consists of seven members appointed by the commissioner of human services at large and a one member from each advisory council committee established under section 256C.24, subdivision 3. At least four of the members appointed by the commissioner 50 percent of the members must be hearing impaired. Members shall include persons who are hearing impaired, parents of hearing impaired children, and representatives of county and regional human services, including representatives of private service providers. Council members are appointed by the commissioner serve four-year terms, except for the members first appointed, of whom three are appointed for a term ending December 31, 1990, two for terms ending December 31, 1989, and two for terms ending December 31, 1988 of human services for a two-year term and shall serve no more than two consecutive terms. The commissioner of human services shall appoint one member as chair.

Sec. 6. Minnesota Statutes 1986, section 256C.28, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(1) advise the commissioner and governor on the development of policies, programs, and services affecting the hearing impaired, and on the use of appropriate federal and state money;

(2) create a public awareness of the special needs and potential of hearing impaired persons; and

(3) provide the commissioner and governor with a review of ongoing services, programs, and proposed legislation affecting the hearing impaired."

Delete the title and insert:

"A bill for an act relating to human services; providing for a statewide interpreter service for hearing impaired persons; altering membership on Minnesota council for the hearing impaired; amending Minnesota Statutes 1986, sections 256C.24, subdivisions 2 and 3; 256C.25, subdivisions 1 and 2; and 256C.28, subdivisions 1 and 3."

With the recommendation that when so amended the bill pass.

The report was adopted.

## **SECOND READING OF HOUSE BILLS**

H. F. Nos. 177, 290, 523, 606, 794, 1045, 1095, 1183, 1210, 1297, 1351, 1399 and 1621 were read for the second time.

## **SECOND READING OF SENATE BILLS**

S. F. Nos. 153, 641, 1232, 1099, 853, 90, 51 and 735 were read for the second time.

## **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Pappas introduced:

H. F. No. 1654, A bill for an act relating to elections; creating the office of city attorney for the city of St. Paul; specifying duties; providing for the election of the city attorney.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Gutknecht, Scheid, Shaver, Clausnitzer and Osthoff introduced:

H. F. No. 1655, A bill for an act relating to elections; providing proportional election of presidential electors; amending Minnesota Statutes 1986, sections 204B.07, subdivision 2; 208.03; and 208.05.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Segal introduced:

H. F. No. 1656, A bill for an act relating to traffic regulations; providing for allocation of civil fines for motor vehicle maximum weight violations; amending Minnesota Statutes 1986, section 169.871, subdivision 5.

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

Kahn, Battaglia, Solberg, Rose and Munger introduced:

H. F. No. 1657, A bill for an act relating to state government; department of natural resources; authorizing the commissioner to increase certain license fees; proposing coding for new law in Minnesota Statutes, chapter 97A.

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

Dempsey, Solberg, Clausnitzer and Kelly introduced:

H. F. No. 1658, A bill for an act relating to marriage dissolution; providing for shared care of minor children; changing certain support and maintenance provisions; amending Minnesota Statutes 1986, sections 518.003, subdivision 3; 518.005, subdivision 2; 518.03; 518.10; 518.131, subdivisions 1, 2, 3, 6, and 7; 518.155; 518.156; 518.165, subdivisions 1 and 2; 518.166; 518.167, subdivisions 1 and 2; 518.168; 518.17, subdivisions 1, 3, and by adding a subdivision; 518.171, subdivision 6; 518.175; 518.176; 518.177; 518.18; 518.185; 518.55, subdivision 1, and by adding a subdivision; 518.551, subdivisions 5 and 6; 518.552, subdivisions 1, 2, and by adding a subdivision; 518.612; 518.619, subdivisions 1, 3, and 4; 518.62; 518.63; and 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Stat-

utes 1986, sections 518.17, subdivisions 2 and 6; and 518.552, subdivision 3.

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

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 502, A bill for an act relating to counties; allowing counties to charge fees for services; providing conditions for emergency contracts; amending Minnesota Statutes 1986, sections 375.21, subdivision 1; and 375.48, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 373; repealing Minnesota Statutes 1986, section 375A.07.

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. 575, A resolution memorializing the President and Congress to immediately direct the Farmers Home Administration to participate in and cooperate with the Farmer-Lender Mediation Program in the State of Minnesota.

H. F. No. 836, A bill for an act relating to natural resources; revising the boundary of Lost River State Forest; amending Minnesota Statutes 1986, section 89.021, subdivision 59.

H. F. No. 1200, A bill for an act relating to human rights; defining "employee" to include commission salespersons for certain purposes; clarifying certain provisions; amending Minnesota Statutes 1986, sections 181.81, subdivision 1; and 363.01, by adding a subdivision.

H. F. No. 1495, A bill for an act relating to liquor; authorizing the city of Little Falls to issue a temporary on-sale intoxicating liquor license.

H. F. No. 1590, A bill for an act relating to education; clarifying the authority of school boards to appoint directors of area vocational technical institutes; amending Minnesota Statutes 1986, section 136C.05, subdivision 1.

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. 217, A bill for an act relating to traffic regulations; providing for the operation by police departments and sheriff's offices of specially marked vehicles for highway traffic law enforcement; amending Minnesota Statutes 1986, section 169.98, subdivision 1, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Bennett moved that the House concur in the Senate amendments to H. F. No. 217 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 217, A bill for an act relating to traffic regulations; providing for the operation by certain police departments and sheriffs' offices of specially marked vehicles for highway traffic law enforcement; amending Minnesota Statutes 1986, section 169.98, subdivision 1, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, L.	Frederick	Jefferson	Kinkel
Battaglia	Carruthers	Frerichs	Jennings	Kludt
Bauerly	Clark	Greenfield	Jensen	Knickerbocker
Beard	Clausnitzer	Gruenes	Johnson, A.	Knuth
Begich	Cooper	Gutknecht	Johnson, R.	Krueger
Bennett	Dauner	Hartle	Johnson, V.	Larsen
Bertram	DeBlieck	Haukoos	Kahn	Lasley
Boo	Dempsey	Hugoson	Kalis	Lieder
Brown	Dorn	Jacobs	Kelly	Long
Burger	Forsythe	Jaros	Kelso	Marsh

McDonald	Ogren	Price	Schoenfeld	Trimble
McEachern	Olsen, S.	Quinn	Seaberg	Tunheim
McKasy	Olson, E.	Quist	Segal	Uphus
McPherson	Olson, K.	Redalen	Shaver	Valento
Milbert	Omann	Reding	Simoneau	Vanasek
Miller	Onnen	Rest	Skoglund	Vellenga
Minne	Orenstein	Rice	Solberg	Wagenius
Morrison	Otis	Richter	Sparby	Waltman
Munger	Ozment	Riveness	Stanius	Welle
Murphy	Pappas	Rose	Steenma	Wenzel
Nelson, C.	Pauly	Rukavina	Sviggum	Winter
Nelson, K.	Pelowski	Sarna	Swenson	Wynia
Neuenschwander	Peterson	Schafer	Thiede	Spk. Norton
O'Connor	Poppenhagen	Scheid	Tompkins	

Those who voted in the negative were:

Carlson, D.      Kostohryz      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. 487, A bill for an act relating to commerce; regulating membership camping practices; prohibiting certain advertising practices; establishing escrow requirements; regulating subdivided land sales practices; prohibiting certain advertising practices; amending Minnesota Statutes 1986, sections 82A.02, subdivisions 2, 10, and 19; 82A.04, subdivision 2; 82A.09, by adding a subdivision; 82A.11, subdivision 3; and 82A.24, subdivisions 3 and 6; proposing coding for new law in Minnesota Statutes, chapters 82A and 83.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Peterson moved that the House concur in the Senate amendments to H. F. No. 487 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 487, A bill for an act relating to commerce; regulating membership camping practices; prohibiting certain advertising practices; establishing escrow requirements; regulating subdivided land sales practices; prohibiting certain advertising practices; amending Minnesota Statutes 1986, sections 82A.02, subdivisions 2, 10, and 19; 82A.04, subdivision 2; 82A.09, by adding a subdivision; 82A.11, subdivision 3; and 82A.24, subdivisions 3 and 6; proposing coding for new law in Minnesota Statutes, chapters 82A and 83.



The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Long	Ozment	Skoglund
Battaglia	Gruenes	Marsh	Pappas	Solberg
Bauerly	Gutknecht	McDonald	Pauly	Sparby
Beard	Hartle	McEachern	Pelowski	Stanius
Begich	Haukoos	McKasy	Peterson	Steensma
Bennett	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bertram	Jacobs	McPherson	Price	Swenson
Bishop	Jefferson	Milbert	Quinn	Thiede
Boo	Jennings	Miller	Quist	Tjornhom
Brown	Jensen	Minne	Redalen	Tompkins
Burger	Johnson, A.	Morrison	Reding	Trimble
Carlson, D.	Johnson, R.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Uphus
Carruthers	Kahn	Nelson, K.	Richter	Valento
Clark	Kalis	Neuenschwander	Riveness	Vanasek
Clausnitzer	Kelly	O'Connor	Rose	Vellenga
Cooper	Kelso	Ogren	Rukavina	Wagenius
Dauner	Kinkel	Olsen, S.	Sarna	Waltman
DeBlicck	Kludt	Olson, E.	Schafer	Welle
Dempsey	Knickerbocker	Olson, K.	Scheid	Wenzel
Dille	Knuth	Omann	Schoenfeld	Winter
Dorn	Kostohryz	Onnen	Seaberg	Wynia
Forsythe	Krueger	Orenstein	Segal	Spk. Norton
Frederick	Larsen	Osthoff	Shaver	
Frerichs	Lasley	Otis	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1145, A resolution memorializing the President and Congress of the United States to award posthumous Medals of Freedom to Andrew Goodman, Michael Schwerner, and James Chaney.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Wenzel moved that the House concur in the Senate amendments to H. F. No. 1145 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1145, A resolution memorializing the President and Congress of the United States to award posthumous Medals of Freedom to Andrew Goodman, Michael Schwerner, and James Chaney.

The bill was read for the 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.	Gruenes	Lieder	Osthoff	Simoneau
Battaglia	Gutknecht	Long	Otis	Skoglund
Bauerly	Hartle	McDonald	Ozment	Solberg
Beard	Haukoos	McEachern	Pappas	Sparby
Begich	Hugoson	McKasy	Pauly	Stanius
Bennett	Jacobs	McLaughlin	Pelowski	Steenasma
Bertram	Jaros	McPherson	Peterson	Sviggum
Bishop	Jefferson	Milbert	Poppenhagen	Swenson
Boo	Jennings	Miller	Price	Thiede
Brown	Jensen	Minne	Quinn	Tjornhom
Burger	Johnson, A.	Morrison	Quist	Tompkins
Carlson, D.	Johnson, R.	Munger	Redalen	Trimble
Carlson, L.	Johnson, V.	Murphy	Reding	Tunheim
Carruthers	Kahn	Nelson, C.	Rest	Uphus
Clark	Kalis	Nelson, D.	Rice	Valento
Clausnitzer	Kelly	Nelson, K.	Richter	Vanasek
Cooper	Kelso	Neuenschwander	Riveness	Vellenga
Dauner	Kinkel	O'Connor	Rose	Wagenius
DeBlicek	Kludt	Ogren	Rukavina	Waltman
Dempsey	Knickerbocker	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olsen, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olsen, K.	Schoenfeld	Winter
Frederick	Krueger	Omamm	Seaberg	Wynia
Frerichs	Larsen	Onnen	Segal	Spk. Norton
Greenfield	Lasley	Orenstein	Shaver	

Those who voted in the negative were:

Sarna

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. 730, A bill for an act relating to witnesses; expanding the exception to the husband-wife privilege applicable to crimes com-

mitted against children; amending Minnesota Statutes 1986, section 595.02, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Wagenius moved that the House concur in the Senate amendments to H. F. No. 730 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 730, A bill for an act relating to witnesses; allowing spousal testimony with respect to crimes committed against children; amending Minnesota Statutes 1986, section 595.02, 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Orenstein	Segal
Battaglia	Gutknecht	Long	Osthoff	Shaver
Bauerly	Hartle	Marsh	Otis	Simoneau
Beard	Haukoos	McDonald	Ozment	Skoglund
Begich	Hugoson	McEachern	Pappas	Solberg
Bennett	Jacobs	McKasy	Pauly	Sparby
Bertram	Jaros	McLaughlin	Pelowski	Stanius
Bishop	Jefferson	McPherson	Peterson	Steenasma
Boo	Jennings	Milbert	Poppenhagen	Sviggum
Brown	Jensen	Miller	Price	Swenson
Burger	Johnson, A.	Minne	Quinn	Thiede
Carlson, D.	Johnson, R.	Morrison	Quist	Tjornhom
Carlson, L.	Johnson, V.	Munger	Redalen	Tompkins
Carruthers	Kahn	Murphy	Reding	Trimble
Clark	Kalis	Nelson, C.	Rest	Tunheim
Clausnitzer	Kelly	Nelson, D.	Rice	Uphus
Cooper	Kelso	Nelson, K.	Richter	Valento
Dauner	Kinkel	Neuenschwander	Riveness	Vanasek
DeBlieck	Kludt	O'Connor	Rose	Vellenga
Dempsey	Knickerbocker	Ogren	Rukavina	Wagenius
Dorn	Knuth	Olsen, S.	Sarna	Waltman
Forsythe	Kostohryz	Olson, E.	Schafer	Welle
Frederick	Krueger	Olson, K.	Scheid	Wenzel
Frerichs	Larsen	Omam	Schoenfeld	Winter
Greenfield	Lasley	Onnen	Seaberg	Wynia
				Spk. Norton

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. 555, A bill for an act relating to crimes; prohibiting giving peace officers false names; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 555 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 555, A bill for an act relating to crimes; prohibiting giving peace officers false names; prescribing penalties; 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. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Onnen	Schoenfeld
Battaglia	Gruenes	Lieder	Orenstein	Seaberg
Bauerly	Gutknecht	Long	Osthoff	Segal
Beard	Hartle	Marsh	Otis	Shaver
Begich	Haukoos	McDonald	Ozment	Simoneau
Bennett	Hugoson	McEachern	Pappas	Skoglund
Bertram	Jacobs	McKasy	Pauly	Solberg
Bishop	Jaros	McLaughlin	Pelowski	Sparby
Blatz	Jefferson	McPherson	Peterson	Stanius
Boo	Jennings	Milbert	Poppenhagen	Steenasma
Brown	Jensen	Miller	Price	Svigum
Burger	Johnson, A.	Minne	Quinn	Swenson
Carlson, D.	Johnson, R.	Morrison	Quist	Thiede
Carlson, L.	Johnson, V.	Munger	Redalen	Tjornhom
Carruthers	Kahn	Murphy	Reding	Tompkins
Clark	Kalis	Nelson, C.	Rest	Trimble
Clausnitzer	Kelly	Nelson, D.	Rice	Tunheim
Cooper	Kelso	Nelson, K.	Richter	Uphus
Dauner	Kinkel	Neuenschwander	Riveness	Valento
DeBlicck	Kludd	O'Connor	Rodosovich	Vanasek
Dempsey	Knickerbocker	Ogren	Rose	Vellenga
Dorn	Knuth	Olsen, S.	Rukavina	Wagenius
Forsythe	Kostohryz	Olson, E.	Sarna	Waltman
Frederick	Krueger	Olson, K.	Schafer	Welle
Frerichs	Larsen	Omann	Scheid	Wenzel

Winter

Wynia

Spk. Norton

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. 816, A bill for an act relating to drivers' licenses; traffic regulations; requiring courts to furnish information relating to previous convictions without charge in gross misdemeanor prosecutions of the driving while under the influence law; imposing a penalty on person who violates conditions attached to limited driver's license; amending Minnesota Statutes 1986, sections 169.121, subdivision 3; 171.17; and 171.30, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Dempsey moved that the House concur in the Senate amendments to H. F. No. 816 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 816, A bill for an act relating to drivers' licenses; traffic regulations; requiring courts to furnish information relating to previous convictions without charge in gross misdemeanor prosecutions of the driving while under the influence law; imposing a penalty on person who violates conditions attached to limited driver's license; amending Minnesota Statutes 1986, sections 169.121, subdivision 3; and 171.30, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Clausnitzer	Frerichs	Jaros
Battaglia	Boo	Cooper	Greenfield	Jefferson
Bauerly	Brown	Dauner	Gruenes	Jennings
Beard	Burger	DeBlieck	Gutknecht	Jensen
Begich	Carlson, D.	Dempsey	Hartle	Johnson, A.
Bennett	Carlson, L.	Dorn	Haukoos	Johnson, R.
Bertram	Carruthers	Forsythe	Hugoson	Johnson, V.
Bishop	Clark	Frederick	Jacobs	Kahn

Kalis	McPherson	Orenstein	Rodosovich	Thiede
Kelly	Milbert	Osthoff	Rose	Tjornhom
Kelso	Miller	Otis	Rukavina	Tompkins
Kinkel	Minne	Ozment	Sarna	Trimble
Kludt	Morrison	Pappas	Schafer	Tunheim
Knickerbocker	Munger	Pauly	Scheid	Uphus
Knuth	Murphy	Pelowski	Schoenfeld	Valento
Kostohryz	Nelson, C.	Peterson	Seaberg	Vanasek
Krueger	Nelson, D.	Poppenhagen	Segal	Vellenga
Larsen	Nelson, K.	Price	Shaver	Waltman
Lasley	Neuenschwander	Quinn	Simoneau	Welle
Lieder	O'Connor	Quist	Skoglund	Wenzel
Long	Ogren	Redalen	Solberg	Winter
Marsh	Olsen, S.	Reding	Sparby	Wynia
McDonald	Olson, E.	Rest	Stanius	Spk. Norton
McEachern	Olson, K.	Rice	Steensma	
McKasy	Omann	Richter	Sviggum	
McLaughlin	Onnen	Riveness	Swenson	

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. 721, A bill for an act relating to human services; providing for the recovery of medical assistance overpayments; amending Minnesota Statutes 1986, section 256B.0641, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Greenfield moved that the House concur in the Senate amendments to H. F. No. 721 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 721, A bill for an act relating to human services; providing for the recovery of medical assistance overpayments; amending Minnesota Statutes 1986, section 256B.0641, by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Orenstein	Shaver
Battaglia	Gruenes	Lieder	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Marsh	Ozment	Solberg
Begich	Haukoos	McEachern	Pappas	Sparby
Bennett	Hugoson	McKasy	Pauly	Stanius
Bertram	Jacobs	McLaughlin	Pelowski	Steensma
Bishop	Jaros	McPherson	Peterson	Sviglum
Blatz	Jefferson	Milbert	Poppenhagen	Swenson
Boo	Jennings	Miller	Price	Tjornhom
Brown	Jensen	Minne	Quinn	Tompkins
Burger	Johnson, A.	Morrison	Quist	Trimble
Carlson, D.	Johnson, R.	Munger	Redalen	Tunheim
Carlson, L.	Johnson, V.	Murphy	Reding	Uphus
Carruthers	Kahn	Nelson, C.	Rest	Valento
Clark	Kalis	Nelson, D.	Rice	Vanasek
Clausnitzer	Kelly	Nelson, K.	Richter	Vellenga
Cooper	Kelso	Neuenschwander	Riveness	Wagenius
Dauner	Kinkel	O'Connor	Rodosovich	Waltman
DeBlicck	Kludt	Ogren	Rukavina	Welle
Dempsey	Knickerbocker	Olsen, S.	Sarna	Wenzel
Dorn	Knuth	Olson, E.	Schafer	Winter
Forsythe	Kostohryz	Olson, K.	Scheid	Wynia
Frederick	Krueger	Omann	Schoenfeld	Spk. Norton
Frerichs	Larsen	Onnen	Segal	

Those who voted in the negative were:

McDonald      Seaberg

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 270, A bill for an act relating to adoption; providing for notice of an adopted child or genetic parent's death; proposing coding for new law in Minnesota Statutes, chapter 259.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 270 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 270, A bill for an act relating to adoption; providing for notice of an adopted child or genetic parent's death or terminal illness; proposing coding for new law in Minnesota Statutes, chapter 259.

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.	Greenfield	Lasley	Orenstein	Segal
Battaglia	Gruenes	Lieder	Osthoff	Shaver
Bauerly	Gutknecht	Long	Otis	Simoneau
Beard	Hartle	McDonald	Ozment	Skoglund
Begich	Haukoos	McEachern	Pappas	Solberg
Bennett	Hugoson	McKasy	Pauly	Sparby
Bertram	Jacobs	McLaughlin	Pelowski	Steensma
Bishop	Jaros	McPherson	Peterson	Sviggum
Blatz	Jefferson	Milbert	Poppenhagen	Swenson
Boo	Jennings	Miller	Price	Thiede
Brown	Jensen	Minne	Quinn	Tjornhom
Carlson, D.	Johnson, A.	Morrison	Quist	Tompkins
Carlson, L.	Johnson, R.	Munger	Reding	Trimble
Carruthers	Johnson, V.	Murphy	Rest	Tunheim
Clark	Kahn	Nelson, C.	Rice	Uphus
Clausnitzer	Kalis	Nelson, D.	Richter	Valento
Cooper	Kelly	Nelson, K.	Riveness	Vanasek
Dauner	Kelso	Neuenschwander	Rodosovich	Vellenga
DeBlieck	Kinkel	O'Connor	Rose	Wagenius
Dempsey	Kludt	Ogren	Rukavina	Waltman
Dille	Knickerbocker	Olsen, S.	Sarna	Welle
Dorn	Knuth	Olsen, E.	Schafer	Wenzel
Forsythe	Kostohryz	Olson, K.	Scheid	Winter
Frederick	Krueger	Omann	Schoenfeld	Wynia
Frerichs	Larsen	Onnen	Seaberg	Spk. Norton

Those who voted in the negative were:

Marsh

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. 755, A bill for an act relating to the metropolitan government; authorizing municipalities in the metropolitan area to adopt ordinances related to aircraft noise; proposing coding for new law in Minnesota Statutes, chapter 473.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Seaberg moved that the House concur in the Senate amendments to H. F. No. 755 and that the bill be repassed as amended by the Senate. The motion prevailed.



H. F. No. 755, A bill for an act relating to the metropolitan government; authorizing municipalities in the metropolitan area to adopt ordinances related to aircraft noise; proposing coding for new law in Minnesota Statutes, chapter 473.

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.	Gruenes	Marsh	Ozment	Skoglund
Battaglia	Gutknecht	McDonald	Pappas	Solberg
Beard	Hartle	McEachern	Pauly	Sparby
Begich	Haukoos	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Steenasma
Bertram	Jacobs	McPherson	Poppenhagen	Sviggum
Bishop	Jaros	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Thiede
Boo	Jennings	Minne	Quist	Tjornhom
Brown	Jensen	Morrison	Redalen	Tompkins
Burger	Johnson, A.	Munger	Reding	Trimble
Carlson, D.	Johnson, R.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Uphus
Carruthers	Kahn	Nelson, D.	Richter	Valento
Clark	Kalis	Nelson, K.	Riveness	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Vellenga
Cooper	Kelso	O'Connor	Rose	Wagenius
Dauner	Kinkel	Ogren	Rukavina	Waltman
DeBlicke	Kludt	Olsen, S.	Sarna	Welle
Dempsey	Knickrbocker	Olson, E.	Schafer	Wenzel
Dille	Kostohryz	Olson, K.	Scheid	Winter
Dorn	Krueger	Omann	Schoenfeld	Wynia
Forsythe	Larsen	Onnen	Seaberg	Spk. Norton
Frederick	Lasley	Orenstein	Segal	
Frerichs	Lieder	Osthoff	Shaver	
Greenfield	Long	Otis	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 799, A bill for an act relating to Koochiching county; permitting the county to establish a bidstead development authority.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Neuenschwander moved that the House concur in the Senate amendments to H. F. No. 799 and that the bill be repassed as amended by the Senate. The motion prevailed.

The Speaker called Simoneau to the Chair.

H. F. No. 799, A bill for an act relating to Koochiching county; permitting the county to establish an economic development authority and a pilot bidstead development 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Skoglund
Battaglia	Gruenes	Long	Otis	Solberg
Bauerly	Gutknecht	Marsh	Ozment	Sparby
Beard	Hartle	McDonald	Pappas	Stanius
Begich	Haukoos	McEachern	Pauly	Stensma
Bennett	Hugoson	McKasy	Pelowski	Sviggum
Bertram	Jacobs	McLaughlin	Peterson	Swenson
Bishop	Jaros	McPherson	Poppenhagen	Thiede
Blatz	Jefferson	Milbert	Price	Tjornhom
Boo	Jennings	Miller	Quinn	Tompkins
Brown	Jensen	Minne	Quist	Trimble
Burger	Johnson, A.	Morrison	Reding	Tunheim
Carlson, D.	Johnson, R.	Munger	Rest	Uphus
Carlson, L.	Johnson, V.	Murphy	Rice	Valento
Carruthers	Kahn	Nelson, C.	Richter	Vanasek
Clark	Kalis	Nelson, D.	Rivness	Vellenga
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Wagenius
Cooper	Kelso	Neuenschwander	Rose	Waltman
Dauner	Kinkel	O'Connor	Rukavina	Welle
DeBlieck	Kludt	Ogren	Sarna	Wenzel
Dempsey	Knickerbocker	Olsen, S.	Schafer	Winter
Dille	Knuth	Olson, E.	Scheid	Wynia
Dorn	Kostohryz	Olson, K.	Schoenfeld	Spk. Norton
Forsythe	Krueger	Omman	Segal	
Frederick	Larsen	Onnen	Shaver	
Frerichs	Lasley	Orenstein	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. 1371, A bill for an act relating to courts; specifying certain locations for holding court in Ramsey county; proposing coding for new law in Minnesota Statutes, chapter 488A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rose moved that the House refuse to concur in the Senate amendments to H. F. No. 1371, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses.

A roll call was requested and properly seconded.

The question was taken on the Rose motion and the roll was called. There were 41 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	McPherson	Redalen	Tjornhom
Burger	Hartle	Miller	Richter	Uphus
Carlson, D.	Hugoson	Morrison	Rose	Valento
Clausnitzer	Johnson, V.	Olsen, S.	Schafer	Vellenga
Dempsey	Knickerbocker	Omann	Seaberg	Wynia
Forsythe	Marsh	Onnen	Shaver	
Frederick	McDonald	Pauly	Skoglund	
Frerichs	McEachern	Poppenhagen	Sviggum	
Gruenes	McKasy	Quist	Thiede	

Those who voted in the negative were:

Battaglia	Haukoos	Krueger	Ozment	Segal
Bauerly	Jacobs	Larsen	Pappas	Simoneau
Beard	Jaros	Lieder	Pelowski	Solberg
Begich	Jefferson	Long	Peterson	Sparby
Bertram	Jennings	McLaughlin	Price	Stanius
Bishop	Jensen	Milbert	Quinn	Steenma
Brown	Johnson, R.	Minne	Reding	Swenson
Carlson, L.	Kahn	Munger	Rest	Tompkins
Carruthers	Kalis	Murphy	Rice	Trimble
Clark	Kelly	Nelson, C.	Riveness	Tunheim
Cooper	Kelso	Nelson, D.	Rodosovich	Vanasek
Dauner	Kinkel	O'Connor	Rukavina	Wagenius
DeBlicck	Kludt	Ogren	Sarna	Welle
Dorn	Knuth	Orenstein	Scheid	Wenzel
Greenfield	Kostohryz	Otis	Schoenfeld	Winter
				Spk. Norton

The motion did not prevail.

#### CONCURRENCE AND REPASSAGE

Knuth moved that the House concur in the Senate amendments to H. F. No. 1371 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 Knuth motion and the roll was called. There were 95 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Knuth	Otis	Segal
Anderson, R.	Frederick	Kostohryz	Ozment	Shaver
Battaglia	Greenfield	Krueger	Pappas	Simoneau
Bauerly	Hartle	Larsen	Pauly	Skoglund
Beard	Haukoos	Lieder	Pelowski	Solberg
Begich	Hugoson	Long	Peterson	Sparby
Bertram	Jacobs	McPherson	Price	Stanius
Bishop	Jaros	Milbert	Quinn	Steensma
Boo	Jefferson	Miller	Reding	Swenson
Brown	Jennings	Minne	Rest	Tjornhom
Burger	Jensen	Morrison	Rice	Tompkins
Carlson, L.	Johnson, A.	Munger	Richter	Trimble
Carruthers	Johnson, R.	Murphy	Riveness	Tunheim
Clark	Kahn	Nelson, C.	Rodosovich	Vanasek
Clausnitzer	Kalis	Nelson, D.	Rukavina	Wagenius
Cooper	Kelly	Neuenschwander	Sarna	Welle
Dauner	Kelso	O'Connor	Scheid	Wenzel
DeBlicek	Kinkel	Ogren	Schoenfeld	Winter
Dempsey	Kludt	Orenstein	Seaberg	Spk. Norton

Those who voted in the negative were:

Bennett	Gutknecht	McEachern	Poppenhagen	Thiede
Carlson, D.	Johnson, V.	McKasy	Quist	Uphus
Forsythe	Knickerbocker	Olsen, S.	Redalen	Valento
Frerichs	Marsh	Omann	Rose	Vellenga
Gruenes	McDonald	Onnen	Sviggun	Wynia

The motion prevailed.

H. F. No. 1371, A bill for an act relating to courts; specifying certain locations for holding court in Ramsey county; proposing coding for new law in Minnesota Statutes, chapter 488A.

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 23 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dempsey	Jennings	Kinkel
Battaglia	Burger	Dille	Jensen	Kludt
Bauerly	Carlson, L.	Dorn	Johnson, A.	Knuth
Beard	Carruthers	Greenfield	Johnson, R.	Kostohryz
Begich	Clark	Hartle	Johnson, V.	Krueger
Bertram	Clausnitzer	Haukoos	Kahn	Larsen
Bishop	Cooper	Jacobs	Kalis	Lasley
Blatz	Dauner	Jaros	Kelly	Lieder
Boo	DeBlicek	Jefferson	Kelso	Long

Marsh	Neuenschwander	Peterson	Schoenfeld	Tompkins
McKasy	O'Connor	Price	Seaberg	Trimble
McLaughlin	Ogren	Quinn	Segal	Tunheim
Milbert	Olson, E.	Reding	Shaver	Vanasek
Miller	Olson, K.	Rest	Simoneau	Vellenga
Minne	Onnen	Rice	Skoglund	Wagenius
Morrison	Orenstein	Richter	Solberg	Welle
Munger	Otis	Riveness	Sparby	Wenzel
Murphy	Ozment	Rodosovich	Stanius	Winter
Nelson, C.	Pappas	Rukavina	Steensma	Spk. Norton
Nelson, D.	Pauly	Sarna	Swenson	
Nelson, K.	Pelowski	Scheid	Tjornhom	

Those who voted in the negative were:

Bennett	Gutknecht	McPherson	Redalen	Valento
Carlson, D.	Hugoson	Olsen, S.	Rose	Waltman
Forsythe	Knickerbocker	Omann	Schafer	Wynia
Frederick	McDonald	Poppenhagen	Thiede	
Gruenes	McEachern	Quist	Uphus	

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. 294, A bill for an act relating to intoxicating liquor; authorizing counties to issue temporary on-sale licenses; amending Minnesota Statutes 1986, section 340A.404, subdivision 10.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 294 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 294, A bill for an act relating to intoxicating liquor; permitting certain transactions by brewers and wholesalers; authorizing counties to issue temporary on-sale licenses; authorizing cities to issue temporary off-sale licenses for the sale of vintage wine at auctions; amending Minnesota Statutes 1986, sections 340A.308; 340A.404, subdivision 10; and 340A.405, by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Krueger	Orenstein	Shaver
Anderson, R.	Frerichs	Larsen	Osthoff	Simoneau
Battaglia	Greenfield	Lasley	Otis	Skoglund
Bauerly	Gruenes	Lieder	Ozment	Solberg
Beard	Gutknecht	Long	Pappas	Sparby
Begich	Hartle	Marsh	Fauly	Stanius
Bennett	Haukoos	McDonald	Pelowski	Steensma
Bertram	Hugoson	McEachern	Peterson	Swiggum
Bishop	Jacobs	McKasy	Poppenhagen	Swenson
Blatz	Jaros	McLaughlin	Price	Tjornhom
Boo	Jefferson	McPherson	Quinn	Tompkins
Brown	Jennings	Milbert	Quist	Trimble
Burger	Jensen	Miller	Reding	Tunheim
Carlson, D.	Johnson, A.	Minne	Rest	Uphus
Carlson, L.	Johnson, R.	Morrison	Rice	Valento
Carruthers	Johnson, V.	Munger	Riveness	Vanasek
Clark	Kahn	Murphy	Rodosovich	Vellenga
Clausnitzer	Kalis	Nelson, C.	Rose	Wagenius
Cooper	Kelly	Nelson, K.	Rukavina	Waltman
Dauner	Kelso	Neuenschwander	Sarna	Welle
DeBlieck	Kinkel	O'Connor	Schafer	Wenzel
Dempsey	Kludt	Ogren	Scheid	Winter
Dille	Knickerbocker	Olsen, S.	Schoenfeld	Wynia
Dorn	Knuth	Olson, K.	Seaberg	Spk. Norton
Forsythe	Kostohryz	Omann	Segal	

Those who voted in the negative were:

Nelson, D.	Onnen	Thiede
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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. 470, A bill for an act relating to family law; eliminating the requirement that a husband's consent to donor insemination be filed with the commissioner of health; amending Minnesota Statutes 1986, section 257.56, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 470 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 470, A bill for an act relating to family law; eliminating the requirement that a husband's consent to donor insemination be filed with the commissioner of health; amending Minnesota Statutes 1986, section 257.56, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Orenstein	Shaver
Anderson, R.	Greenfield	Lieder	Osthoff	Simoneau
Battaglia	Gruenes	Long	Otis	Skoglund
Bauerly	Gutknecht	Marsh	Ozment	Solberg
Beard	Hartle	McDonald	Pappas	Sparby
Begich	Haukoqos	McEachern	Pauly	Stanius
Bennett	Hugoson	McKasy	Pelowski	Steenasma
Bertram	Jacobs	McLaughlin	Peterson	Sviggum
Bishop	Jaros	McPherson	Poppenhagen	Swenson
Blatz	Jefferson	Milbert	Price	Thiede
Boo	Jennings	Miller	Quinn	Tjornhom
Brown	Jensen	Minne	Quist	Tompkins
Burger	Johnson, A.	Morrison	Reding	Trimble
Carlson, D.	Johnson, R.	Munger	Rest	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rice	Uphus
Carruthers	Kahn	Nelson, C.	Richter	Valento
Clark	Kalis	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelso	Neuenschwander	Rose	Wagenius
Dauner	Kinkel	O'Connor	Rukavina	Waltman
DeBlicck	Kludt	Ogren	Sarna	Welle
Dempsey	Knickerbocker	Olsen, S.	Schafer	Wenzel
Dille	Knuth	Olson, E.	Scheid	Winter
Dorn	Kostohryz	Olson, K.	Schoenfeld	Wynia
Forsythe	Krueger	Omann	Seaberg	Spk. Norton
Frederick	Larsen	Onnen	Segal	

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. 427, A bill for an act relating to public safety; providing that violation of local DWI ordinance is counted for purposes of driver's license revocation; providing that courts must report juvenile traffic violations to the department of public safety; amending Minnesota Statutes 1986, sections 169.121, subdivision 4; 171.16,

subdivision 5; 171.17; and 260.161, by adding a subdivision; repealing Minnesota Statutes 1986, section 260.193, subdivision 9.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Rest moved that the House concur in the Senate amendments to H. F. No. 427 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 427, A bill for an act relating to public safety; providing that violation of local DWI ordinance is counted for purposes of driver's license revocation; providing that courts must report juvenile traffic violations to the department of public safety; amending Minnesota Statutes 1986, sections 169.121, subdivision 4; 171.16, subdivision 5; 171.17; and 260.161, subdivision 2; repealing Minnesota Statutes 1986, section 260.193, subdivision 9.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Larsen	Orenstein	Seaberg
Anderson, R.	Frerichs	Lasley	Osthoff	Segal
Battaglia	Greenfield	Lieder	Otis	Shaver
Bauerly	Gruenes	Long	Ozment	Simoneau
Beard	Gutknecht	Marsh	Pappas	Sparby
Begich	Hartle	McDonald	Pauly	Stanius
Bennett	Haukoos	McEachern	Pelowski	Steenma
Bertram	Hugoson	McKasy	Peterson	Sviggum
Bishop	Jacobs	McPherson	Poppenhagen	Swenson
Blatz	Jaros	Milbert	Price	Thiede
Boo	Jefferson	Miller	Quinn	Tjornhom
Brown	Jennings	Minne	Quist	Tompkins
Burger	Jensen	Morrison	Redalen	Trimble
Carlson, D.	Johnson, A.	Munger	Reding	Tunheim
Carlson, L.	Johnson, R.	Murphy	Rest	Uphus
Carruthers	Johnson, V.	Nelson, C.	Rice	Valento
Clark	Kalis	Nelson, D.	Richter	Vanasek
Clausnitzer	Kelly	Nelson, K.	Riveness	Vellenga
Cooper	Kelso	Neuenschwander	Rodosovich	Wagenius
Dauner	Kinkel	O'Connor	Rose	Waltman
DeBlicck	Kludt	Ogren	Rukavina	Welle
Dempsey	Knickerbocker	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Olson, K.	Schafer	Winter
Dorn	Kostohryz	Omann	Scheid	Wynia
Forsythe	Krueger	Onnen	Schoenfeld	Spk. Norton

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. 286, A bill for an act relating to witnesses; removing the presumption against the competency of certain witnesses; amending Minnesota Statutes 1986, section 595.02, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 286 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 286, A bill for an act relating to witnesses; removing the presumption against the competency of certain witnesses; amending Minnesota Statutes 1986, section 595.02, 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dempsey	Kelly	Munger	Price
Anderson, R.	Dille	Kelso	Murphy	Quinn
Battaglia	Dorn	Kinkel	Nelson, C.	Quist
Bauerly	Forsythe	Kludt	Nelson, D.	Redalen
Beard	Frederick	Knickerbocker	Nelson, K.	Reding
Begich	Frerichs	Knuth	O'Connor	Rest
Bennett	Greenfield	Kostohryz	Ogren	Rice
Bertram	Gruenes	Krueger	Olsen, S.	Richter
Bishop	Gutknecht	Larsen	Olson, E.	Riveness
Blatz	Hartle	Lasley	Olson, K.	Rodosovich
Boo	Haukoos	Lieder	Omamm	Rose
Brown	Hugoson	Marsh	Onnen	Rukavina
Burger	Jacobs	McDonald	Orenstein	Sarna
Carlson, D.	Jaros	McEachern	Osthoff	Schafer
Carlson, L.	Jefferson	McKasy	Otis	Scheid
Carruthers	Jennings	McLaughlin	Ozment	Schoenfeld
Clark	Jensen	McPherson	Pappas	Seaberg
Clausnitzer	Johnson, A.	Milbert	Pauly	Segal
Cooper	Johnson, R.	Miller	Pelowski	Shaver
Dauner	Johnson, V.	Minne	Peterson	Simoneau
DeBlicck	Kalis	Morrison	Poppenhagen	Skoglund

Solberg	Swenson	Tunheim	Wagenius	Spk. Norton
Sparby	Thiede	Uphus	Waltman	
Stanius	Tjornhom	Valento	Welle	
Steensma	Tompkins	Vanasek	Wenzel	
Sviggum	Trimble	Vellenga	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. 609, A bill for an act relating to government data practices; giving the department of energy and economic development access to certain employment data; amending Minnesota Statutes 1986, section 268.12, subdivision 12.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Kelso moved that the House concur in the Senate amendments to H. F. No. 609 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 609, A bill for an act relating to government data practices; giving the department of energy and economic development access to certain employment data; amending Minnesota Statutes 1986, section 268.12, subdivision 12.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carlson, D.	Frederick	Jensen	Krueger
Anderson, R.	Carlson, L.	Frerichs	Johnson, A.	Lasley
Battaglia	Carruthers	Greenfield	Johnson, R.	Lieder
Bauerly	Clark	Gruenes	Johnson, V.	Long
Beard	Clausnitzer	Gutknecht	Kalis	Marsh
Begich	Cooper	Hartle	Kelly	McDonald
Bennett	Dauner	Haukoos	Kelso	McEachern
Bertram	DeBlieck	Hugoson	Kinkel	McKasy
Bishop	Dempsey	Jacobs	Kludt	McLaughlin
Blatz	Dille	Jaros	Knickerbocker	McPherson
Boo	Dorn	Jefferson	Knuth	Milbert
Brown	Forsythe	Jennings	Kostohryz	Miller

Minne	Omann	Quist	Seaberg	Tompkins
Morrison	Onnen	Reding	Segal	Trimble
Munger	Orenstein	Rest	Shaver	Tunheim
Murphy	Osthoff	Rice	Simoneau	Uphus
Nelson, C.	Otis	Richter	Skoglund	Vanasek
Nelson, D.	Ozment	Riveness	Solberg	Vellenga
Nelson, K.	Pappas	Rodosovich	Sparby	Wagenius
Neuenschwander	Pauly	Rose	Stanius	Waltman
O'Connor	Pelowski	Rukavina	Steensma	Welle
Ogren	Peterson	Sarna	Sviggum	Wenzel
Olsen, S.	Poppenhagen	Schafer	Swenson	Winter
Olson, E.	Price	Scheid	Thiede	Wymia
Olson, K.	Quinn	Schoenfeld	Tjornhom	Spk. Norton

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. 692, A bill for an act relating to public safety; providing for access to criminal justice datacommunications network and defining purposes for its use; providing access to motor vehicle excise tax data; amending Minnesota Statutes 1986, sections 297B.12; 299C.46, subdivision 3; and 299C.48.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

McKasy moved that the House concur in the Senate amendments to H. F. No. 692 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 692, A bill for an act relating to public safety; providing for access to criminal justice datacommunications network and defining purposes for its use; amending Minnesota Statutes 1986, sections 299C.46, subdivision 3; and 299C.48.

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.	Bauerly	Bennett	Blatz	Burger
Anderson, R.	Beard	Bertram	Boo	Carlson, D.
Battaglia	Begich	Bishop	Brown	Carlson, L.

Carruthers	Johnson, A.	Miller	Peterson	Sparby
Clark	Johnson, R.	Minne	Poppenhagen	Stanius
Clausnitzer	Johnson, V.	Morrison	Price	Steensma
Cooper	Kalis	Munger	Quinn	Swiggum
Dauner	Kelly	Murphy	Quist	Swenson
DeBlieck	Kelso	Nelson, C.	Redalen	Thiede
Dempsey	Kinkel	Nelson, D.	Reding	Tjornhom
Dille	Kludt	Nelson, K.	Rest	Tompkins
Dorn	Knickerbocker	Neuenschwander	Rice	Trimble
Forsythe	Knuth	O'Connor	Richter	Tunheim
Frederick	Kostohryz	Ogren	Riveness	Uphus
Frerichs	Krueger	Olsen, S.	Rodosovich	Valento
Greenfield	Larsen	Olson, E.	Rukavina	Vanasek
Gruenes	Lasley	Olson, K.	Sarna	Vellenga
Gutknecht	Lieder	Omann	Schafer	Wagenius
Hartle	Long	Onnen	Scheid	Waltman
Haukoos	Marsh	Orenstein	Schoenfeld	Welle
Hugoson	McDonald	Osthoff	Seaberg	Wenzel
Jacobs	McEachern	Otis	Segal	Winter
Jaros	McKasy	Ozment	Shaver	Wynia
Jefferson	McLaughlin	Pappas	Simoneau	Spk. Norton
Jennings	McPherson	Pauly	Skoglund	
Jensen	Milbert	Pelowski	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. 941, A bill for an act relating to crimes; prohibiting killing or injuring a police dog involved in law enforcement investigation or apprehension; prescribing penalties; amending Minnesota Statutes 1986, section 609.595, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 941 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 941, A bill for an act relating to crimes; prohibiting killing or injuring a police dog involved in law enforcement investigation or apprehension; prescribing penalties; 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. There were 118 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Larsen	Onnen	Simoneau
Anderson, R.	Frerichs	Lasley	Orenstein	Skoglund
Battaglia	Greenfield	Lieder	Otis	Solberg
Bauerly	Gruenes	Long	Ozment	Sparby
Begich	Gutknecht	Marsh	Pappas	Steensma
Bennett	Hartle	McDonald	Pauly	Sviggum
Bertram	Haukoos	McKasy	Pelowski	Swenson
Bishop	Hugoson	McLaughlin	Peterson	Thiede
Blatz	Jaros	McPherson	Quist	Tjornhom
Boo	Jefferson	Milbert	Redalen	Tompkins
Brown	Jennings	Miller	Reding	Trimble
Burger	Jensen	Minne	Rest	Tunheim
Carlson, D.	Johnson, A.	Morrison	Rice	Uphus
Carlson, L.	Johnson, R.	Munger	Richter	Valento
Carruthers	Kahn	Murphy	Riveness	Vanasek
Clark	Kalis	Nelson, C.	Rodosovich	Vellenga
Clausnitzer	Kelly	Nelson, D.	Rose	Wagenius
Cooper	Kelso	Nelson, K.	Sarna	Welle
Dauner	Kinkel	Neuenschwander	Schafer	Wenzel
DeBlieck	Kludt	O'Connor	Scheid	Winter
Dempsey	Knickerbocker	Olsen, S.	Schoenfeld	Wynia
Dille	Knuth	Olson, E.	Seaberg	Spk. Norton
Dorn	Kostohryz	Olson, K.	Segal	
Forsythe	Krueger	Omann	Shaver	

Those who voted in the negative were:

Beard	Johnson, V.	Ogren	Quinn	Stanius
Jacobs	McEachern	Price	Rukavina	Waltman

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1185, A bill for an act relating to education; clarifying that funds may not be transferred from the debt redemption fund; amending Minnesota Statutes 1986, section 121.9121, subdivision 1.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Cooper 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 education; clarifying that funds may not be transferred from the debt redemption fund; clarifying permanent transfers that are currently permitted; amending Minnesota Statutes 1986, sections 121.912, subdivision 1; and 121.9121, 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 92 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Long	Otis	Simoneau
Battaglia	Jaros	Marsh	Ozment	Skoglund
Bauerly	Jefferson	McEachern	Pappas	Solberg
Beard	Jennings	McKasy	Pauly	Stanius
Begich	Jensen	McLaughlin	Pelowski	Swenson
Bennett	Johnson, A.	Milbert	Peterson	Tjornhom
Bertram	Johnson, R.	Minne	Price	Tompkins
Bishop	Kahn	Morrison	Quinn	Trimble
Blatz	Kalis	Munger	Reding	Tunheim
Boo	Kelly	Murphy	Rest	Vanasek
Carlson, L.	Kelso	Nelson, C.	Riveness	Vellenga
Carruthers	Kinkel	Nelson, D.	Rodosovich	Wagenius
Clark	Kludt	Nelson, K.	Rukavina	Welle
Clausnitzer	Knickerbocker	Neuenschwander	Sarna	Wenzel
Cooper	Kostohryz	O'Connor	Scheid	Wynia
Forsythe	Krueger	Ogren	Schoenfeld	Spk. Norton
Greenfield	Larsen	Olsen, S.	Seaberg	
Gruenes	Lasley	Orenstein	Segal	
Hartle	Lieder	Osthoff	Shaver	

Those who voted in the negative were:

Anderson, R.	Dorn	McDonald	Poppenhagen	Sviggum
Brown	Frederick	McPherson	Quist	Thiede
Burger	Frerichs	Miller	Redalen	Uphus
Carlson, D.	Gutknecht	Olson, E.	Richter	Valento
Danner	Haukoos	Olson, K.	Rose	Waltman
DeBlicck	Hugoson	Omam	Schafer	Winter
Dempsey	Johnson, V.	Onnen	Steensma	

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. 806, A bill for an act relating to human services; requiring certain written reports of abuse within 72 hours; requiring county attorneys to be on child protection teams; requiring specific investigations of certain abuse cases; amending Minnesota

Statutes 1986, sections 626.556, subdivisions 7, 10, and 10a; and 626.558, subdivisions 1, 2, and 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 806 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 806, A bill for an act relating to human services; requiring certain written reports of abuse within 72 hours; requiring county attorneys to be on child protection teams; requiring specific investigations of certain abuse cases; providing for case consultation by child protection teams; amending Minnesota Statutes 1986, sections 626.556, subdivisions 7, 10, and 10a; and 626.558, subdivisions 1, 2, and 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 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Orenstein	Segal
Anderson, R.	Greenfield	Lieder	Osthoff	Shaver
Battaglia	Grunes	Long	Otis	Simoneau
Bauerly	Gutknecht	Marsh	Ozment	Skoglund
Beard	Hartle	McDonald	Pappas	Solberg
Begich	Haukoos	McEachern	Pauly	Stanius
Bennett	Hugoson	McKasy	Pelowski	Steensma
Bertram	Jacobs	McLaughlin	Peterson	Sviggum
Bishop	Jaros	McPherson	Poppenhagen	Swenson
Blatz	Jefferson	Milbert	Price	Thiede
Boo	Jennings	Miller	Quinn	Tjornhom
Brown	Jensen	Minne	Quist	Tompkins
Burger	Johnson, A.	Morrison	Redalen	Trimble
Carlson, D.	Johnson, R.	Munger	Reding	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rest	Uphus
Carruthers	Kahn	Nelson, C.	Rice	Valento
Clark	Kalis	Nelson, D.	Richter	Vanasek
Clausnitzer	Kelly	Neuenschwander	Riveness	Vellenga
Cooper	Kinkel	O'Connor	Rodosovich	Wagenius
Dauner	Kludt	Ogren	Rose	Waltman
DeBlieck	Knickerbocker	Olsen, S.	Rukavina	Welle
Dempsey	Knuth	Olson, E.	Sarna	Wenzel
Dorn	Kostohryz	Olson, K.	Schafer	Winter
Forsythe	Krueger	Omann	Scheid	Wynia
Frederick	Larsen	Onnen	Seaberg	Spk. Norton

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. 904, A bill for an act relating to human services; requiring notification to spouse of nursing home resident; amending Minnesota Statutes 1986, section 256B.48, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Anderson, R., moved that the House concur in the Senate amendments to H. F. No. 904 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 904, A bill for an act relating to human services; requiring notification to spouse of nursing home resident; amending Minnesota Statutes 1986, section 256B.48, 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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Larsen	Omann	Scheid
Anderson, R.	Frerichs	Lasley	Onnen	Schoenfeld
Battaglia	Greenfield	Lieder	Orenstein	Seaberg
Bauerly	Gruenes	Long	Osthoff	Segal
Beard	Gutknecht	Marsh	Otis	Shaver
Begich	Hartle	McDonald	Ozment	Simoneau
Bennett	Haukoos	McEachern	Pappas	Skoglund
Bertram	Hugoson	McKasy	Pauly	Solberg
Bishop	Jacobs	McLaughlin	Pelowski	Sparby
Blatz	Jaros	McPherson	Peterson	Stanius
Boo	Jefferson	Milbert	Poppenhagen	Steensma
Brown	Jennings	Miller	Price	Swiggum
Burger	Jensen	Minne	Quinn	Swenson
Carlson, D.	Johnson, A.	Morrison	Quist	Thiede
Carlson, L.	Johnson, R.	Munger	Redalen	Tjornhom
Carruthers	Johnson, V.	Murphy	Reding	Tompkins
Clark	Kahn	Nelson, C.	Rest	Trimble
Clausnitzer	Kalis	Nelson, D.	Rice	Tunheim
Cooper	Kelly	Nelson, K.	Richter	Uphus
Dauner	Kinkel	Neuenschwander	Riveness	Valento
DeBlieck	Kludt	O'Connor	Rodosovich	Vanasek
Dempsey	Knickerbocker	Ogren	Rose	Vellenga
Dille	Knuth	Olsen, S.	Rukavina	Wagenius
Dorn	Kostohryz	Olson, E.	Sarna	Waltman
Forsythe	Krueger	Olson, K.	Schafer	Welle



Wenzel

Winter

Wynia

Spk. Norton

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. 947, A bill for an act relating to state lands; authorizing private sales of certain tax-forfeited land in St. Louis county.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Begich moved that the House concur in the Senate amendments to H. F. No. 947 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 947, A bill for an act relating to state lands; authorizing a private sale of certain tax-forfeited land in St. Louis county; authorizing the sale of certain tax-forfeited land to the city of Winton; authorizing private sale of certain tax-forfeited land in Lake county to the city of Two Harbors.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clausnitzer	Jaros	Larsen	Nelson, D.
Anderson, R.	Cooper	Jefferson	Lasley	Nelson, K.
Battaglia	Dauner	Jennings	Lieder	Neuenschwander
Bauerly	DeBlick	Jensen	Long	O'Connor
Beard	Dempsey	Johnson, A.	Marsh	Ogren
Begich	Dille	Johnson, R.	McDonald	Olsen, S.
Bennett	Dorn	Johnson, V.	McEachern	Olson, E.
Bertram	Forsythe	Kahn	McKasy	Olson, K.
Bishop	Frederick	Kalis	McLaughlin	Omann
Blatz	Frerichs	Kelly	McPherson	Onnen
Boo	Greenfield	Kelso	Milbert	Orenstein
Brown	Gruenes	Kinkel	Miller	Osthoff
Burger	Gutknecht	Kludt	Minne	Otis
Carlson, D.	Hartle	Knickerbocker	Morrison	Ozment
Carlson, L.	Haukoos	Knuth	Munger	Pappas
Carruthers	Hugoson	Kostohryz	Murphy	Pauly
Clark	Jacobs	Krueger	Nelson, C.	Pelowski

Peterson	Richter	Seaberg	Sviggum	Vellenga
Poppenhagen	Riveness	Segal	Swenson	Wagenius
Price	Rodosovich	Shaver	Thiede	Waltman
Quinn	Rose	Simoneau	Tjornhom	Welle
Quist	Rukavina	Skoglund	Tompkins	Wenzel
Redalen	Sarna	Solberg	Trimble	Winter
Reding	Schafer	Sparby	Tunheim	Wynia
Rest	Scheid	Stanius	Uphus	Spk. Norton
Rice	Schoenfeld	Steensma	Vanasek	

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. 1204, A bill for an act relating to Hennepin county; providing for the management of county health facilities; permitting the county board to hold closed meetings on certain medical center business; permitting certain data to be treated as trade secret information; amending Minnesota Statutes 1986, section 383B.217, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Scheid moved that the House concur in the Senate amendments to H. F. No. 1204 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1204, A bill for an act relating to health facilities; providing for the management of county health facilities; clarifying provisions relating to the St. Paul Ramsey medical center; permitting the Hennepin county board to hold closed meetings on certain medical center business; permitting certain data to be treated as trade secret information; amending Minnesota Statutes 1986, sections 246A.16, subdivision 2; 246A.17, subdivision 2; and 383B.217, 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. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lieder	Otis	Skoglund
Anderson, R.	Greenfield	Long	Ozment	Solberg
Battaglia	Gruenes	Marsh	Pappas	Sparby
Bauerly	Gutknecht	McDonald	Pauly	Stanius
Beard	Hartle	McEachern	Pelowski	Stensma
Begich	Haukoos	McKasy	Peterson	Sviggum
Bennett	Hugoson	McLaughlin	Poppenhagen	Swenson
Bertram	Jacobs	McPherson	Price	Thiede
Bishop	Jaros	Miller	Quinn	Tjornhom
Blatz	Jefferson	Minne	Quist	Tompkins
Boo	Jennings	Morrison	Redalen	Trimble
Brown	Jensen	Munger	Reding	Tunheim
Burger	Johnson, A.	Murphy	Rest	Uphus
Carlson, D.	Johnson, R.	Nelson, C.	Rice	Valento
Carlson, L.	Johnson, V.	Nelson, D.	Richter	Vanasek
Carruthers	Kahn	Nelson, K.	Riveness	Vellenga
Clark	Kalis	Neuenschwander	Rodosovich	Wagenius
Clausnitzer	Kelly	O'Connor	Rose	Waltman
Cooper	Kelso	Ogren	Rukavina	Welle
Dauner	Kinkel	Olsen, S.	Sarna	Wenzel
DeBlick	Kludt	Olson, E.	Schafer	Winter
Dempsey	Knickerbocker	Olson, K.	Scheid	Wynia
Dille	Kostohryz	Omman	Schoenfeld	Spk. Norton
Dorn	Krueger	Onnen	Segal	
Forsythe	Larsen	Orenstein	Shaver	
Frederick	Lasley	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. 1412, A bill for an act relating to state land; authorizing private sale of certain tax-forfeited land in Lake county to city of Two Harbors; providing timing for 1987 sales of lakeshore lots; amending Minnesota Statutes 1986, section 92.67, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Battaglia moved that the House concur in the Senate amendments to H. F. No. 1412 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1412, A bill for an act relating to state land; authorizing extension of the date to sell lakeshore cabin site lots; amending Minnesota Statutes 1986, section 92.67, subdivision 4.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Osthoff	Shaver
Anderson, R.	Greenfield	Lieder	Otis	Simoneau
Battaglia	Gruenes	Long	Ozment	Skoglund
Bauerly	Gutknecht	Marsh	Pappas	Solberg
Beard	Hartle	McDonald	Pauly	Sparby
Begich	Haukoos	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Steensma
Bertram	Jacobs	McPherson	Poppenhagen	Sviggrum
Bishop	Jaros	Milbert	Price	Swenson
Blatz	Jefferson	Miller	Quinn	Thiede
Boo	Jennings	Minne	Quist	Tjornhom
Brown	Jensen	Morrison	Redalen	Tompkins
Burger	Johnson, A.	Munger	Reding	Trimble
Carlson, D.	Johnson, R.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Uphus
Carruthers	Kahn	Nelson, D.	Richter	Valento
Clark	Kalis	Nelson, K.	Riveness	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Vellenga
Cooper	Kelso	O'Connor	Rose	Wagenius
Dauner	Kinkel	Ogren	Rukavina	Waltman
DeBlieck	Kludt	Olsen, S.	Sarna	Welle
Dempsey	Knickerbocker	Olson, E.	Schafer	Wenzel
Dille	Knuth	Olson, K.	Scheid	Winter
Dorn	Kostohryz	Omann	Schoenfeld	Wynia
Forsythe	Krueger	Onnen	Seaberg	Spk. Norton
Frederick	Larsen	Orenstein	Segal	

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. 1521; A bill for an act relating to local government; providing the Lake county housing and redevelopment authority with certain port authority powers.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Battaglia moved that the House concur in the Senate amendments to H. F. No. 1521 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1521, A bill for an act relating to local government; providing the Lake county housing and redevelopment authority

with certain port authority powers; authorizing the imposition of a lodging tax in certain towns in Cook 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 125 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Otis	Shaver
Anderson, R.	Greenfield	Lieder	Ozment	Simoneau
Battaglia	Gruenes	Long	Pappas	Skoglund
Bauerly	Gutknecht	Marsh	Pauly	Solberg
Beard	Hartle	McDonald	Pelowski	Sparby
Begich	Haukoos	McEachern	Peterson	Stanius
Bennett	Hugoson	McKasy	Poppenhagen	Steensma
Bertram	Jacobs	McLaughlin	Price	Sviggum
Bishop	Jaros	McPherson	Quinn	Swenson
Blatz	Jefferson	Milbert	Quist	Thiede
Boo	Jennings	Minne	Redalen	Tjornhom
Brown	Jensen	Morrison	Reding	Tompkins
Burger	Johnson, R.	Munger	Rest	Trimble
Carlson, D.	Johnson, V.	Murphy	Rice	Tunheim
Carlson, L.	Kahn	Nelson, C.	Richter	Uphus
Carruthers	Kalis	Nelson, D.	Riveness	Valento
Clark	Kelly	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelso	Neuenschwander	Rose	Vellenga
Cooper	Kinkel	O'Connor	Rukavina	Wagenius
Dauner	Kludt	Ogren	Sarna	Waltman
DeBlick	Knickerbocker	Olsen, S.	Schafer	Welle
Dempsey	Knuth	Olson, E.	Scheid	Wenzel
Dorn	Kostohryz	Omann	Schoenfeld	Winter
Forsythe	Krueger	Onnen	Seaberg	Wynia
Frederick	Larsen	Orenstein	Segal	Spk. Norton

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. 909, A bill for an act relating to waters; changing the posting and publication of notice requirements for aeration operations by a permittee of the commissioner of natural resources; providing an exclusion from government tort liability; amending

Minnesota Statutes 1986, sections 3.736, subdivision 3; and 378.22, subdivisions 2 and 3.

PATRICK E. FLAHAVERN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Brown moved that the House concur in the Senate amendments to H. F. No. 909 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 909, A bill for an act relating to waters; changing the posting and publication of notice requirements for aeration operations by a permittee of the commissioner of natural resources; providing an exclusion from government tort liability; amending Minnesota Statutes 1986, sections 3.736, subdivision 3; and 378.22, subdivisions 2 and 3, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Gruenes	Long	Otis	Skoglund
Battaglia	Gutknecht	Marsh	Ozment	Solberg
Bauerly	Hartle	McDonald	Pappas	Sparhy
Beard	Haukoos	McEachern	Pauly	Stanius
Begich	Hugoson	McKasy	Pelowski	Steensma
Bennett	Jacobs	McLaughlin	Peterson	Sviggum
Bertram	Jaros	McPherson	Poppenhagen	Swenson
Bishop	Jefferson	Milbert	Price	Thiede
Blatz	Jennings	Miller	Quinn	Tjornhom
Boo	Jensen	Minne	Quist	Tompkins
Brown	Johnson, A.	Morrison	Redalen	Trimble
Burger	Johnson, R.	Munger	Reding	Tunheim
Carlson, D.	Johnson, V.	Murphy	Rest	Uphus
Carlson, L.	Kahn	Nelson, C.	Rice	Valento
Carruthers	Kalis	Nelson, D.	Richter	Vanasek
Clark	Kelly	Nelson, K.	Riveness	Vellenga
Clausnitzer	Kelso	Neuenschwander	Rodosovich	Wagenius
Cooper	Kinkel	O'Connor	Rose	Waltman
Dauner	Kludt	Ogren	Rukavina	Welle
DeBleeck	Knickerbocker	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Olson, E.	Schafer	Winter
Dorn	Kostohryz	Olson, K.	Scheid	Wynia
Forsythe	Krueger	Omann	Seaberg	Spk. Norton
Frederick	Larsen	Onnen	Segal	
Frerichs	Lasley	Orenstein	Shaver	

Those who voted in the negative were:

Dempsey                      Schoenfeld

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. 1159, A bill for an act relating to retirement; public pension plan or fund assets; prohibiting certain transfers or uses of assets; proposing coding for new law in Minnesota Statutes, chapter 356.

PATRICK E. FLAHAVEN, Secretary of the Senate

Pappas moved that the House refuse to concur in the Senate amendments to H. F. No. 1159, 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. 706, A bill for an act relating to juveniles; clarifying certain recent changes to the juvenile court act; clarifying the hearing and records procedures of the juvenile court; providing for the enforcement of juvenile court restitution orders; permitting administrative docketing of certain unpaid county reimbursements; clarifying certain crime victim notification and protection laws; amending Minnesota Statutes 1986, sections 260.155, subdivisions 1 and 1a; 260.156; 260.161; 260.185, by adding a subdivision; 548.091, subdivision 1; 595.02, subdivision 4; 609.115, subdivision 1; 609.3471; 611A.031; and 611A.035; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1986, sections 609.115, subdivisions 1b and 1c; and 636.08.

PATRICK E. FLAHAVEN, Secretary of the Senate

Kelly moved that the House refuse to concur in the Senate amendments to H. F. No. 706, 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. 230, A bill for an act relating to elections; authorizing combination of certain municipalities for election purposes; amending Minnesota Statutes 1986, sections 204B.14, subdivisions 2, 4, 5, and by adding a subdivision; 204B.21, subdivision 2; and 204B.22, subdivision 1.

PATRICK E. FLAHAVER, Secretary of the Senate

Tunheim moved that the House refuse to concur in the Senate amendments to H. F. No. 230, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 1369, 865, 682 and 1056.

PATRICK E. FLAHAVER, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 1369, A bill for an act relating to traffic safety; speed limit; increasing the speed limit on rural interstate highways to 65 miles per hour; requiring all speeding violations to be recorded on drivers' records; repealing governor's authority to establish speed limits; amending Minnesota Statutes 1986; section 169.14, subdivision 2; repealing Minnesota Statutes 1986, sections 169.141; 169.99, subdivision 1b; and 171.12, subdivision 6.

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

S. F. No. 865, A bill for an act relating to environment; authorizing an assessment against public utilities to finance the state costs of controlling acid deposition; amending Minnesota Statutes 1986, section 116C.69, subdivision 3.



The bill was read for the first time.

Trimble moved that S. F. No. 865 and H. F. No. 915, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 682, A bill for an act relating to human services; expanding employment and training services in the aid to families with dependent children program; changing standards of eligibility for general assistance recipients and work readiness recipients; implementing immediate income withholding; modifying the child care sliding fee program; establishing the family health insurance program; changing standards of eligibility for the medical assistance program; amending Minnesota Statutes 1986, sections 144.219; 256.01, subdivision 2; 256.736, subdivisions 3, 4, 6, and 8, and by adding subdivisions; 256.74, subdivision 1; 256B.06, subdivision 1; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8 and by adding a subdivision; 256D.03, subdivision 2; 256D.05, subdivision 1; 256D.051, subdivisions 1, 2, 6, and 8; 256D.06, subdivisions 1, 1b, and 2; 256D.08, subdivision 1; 256D.101; 256D.15; 257.33; 257.34; subdivision 1; 257.57, subdivision 2; 257.60; 257.62, by adding a subdivision; 257.63, subdivision 2; 267.02, by adding a subdivision; 267.03, subdivision 2; 268.0122, subdivision 3; 268.86, subdivision 2; 268.871, subdivisions 1 and 2, and by adding a subdivision; 268.88; 268.91, subdivisions 1, 2, 3, 4, 5, and 6, and by adding subdivisions; 510.07; 518.131, subdivision 7; 518.171, subdivision 1; 518.24; 518.551, subdivision 1, and by adding a subdivision; 518.57, subdivision 1; 518.611, subdivisions 1, 2, 3, 4, 6, and 8, and by adding a subdivision; 518.64, subdivision 2; and 518.645; proposing coding for new law in Minnesota Statutes, chapters 256, 256D, and 518; repealing Minnesota Statutes 1986, sections 256D.051, subdivisions 4, 5, and 12; 257.34, subdivision 2; and 268.86, subdivisions 1, 3, 4, and 5.

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

S. F. No. 1056, A bill for an act relating to natural resources; increasing certain game, fish, and related license and other fees; amending Minnesota Statutes 1986, sections 84.091, subdivision 3; 97A.065, by adding subdivisions; 97A.415, subdivision 1; 97A.441, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20, and by adding subdivisions; and 97C.305; repealing Minnesota Statutes 1986, section 97A.451, subdivision 1.

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

### CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. Nos. 601, 834, 995, 916, 1030, 1450 and 163.

H. F. No. 601, A bill for an act relating to natural resources; providing that money recovered by the state for forest fire fighting expenses be restored to the fund of origination; increasing the amount that may be paid for tips related to forest fire crimes; clarifying provisions relating to the burden of proof and evidence of negligence; amending Minnesota Statutes 1986, sections 88.17, subdivision 2; 88.75, subdivision 1; and 88.76.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Orenstein	Shaver
Anderson, R.	Greenfield	Lieder	Osthoff	Simoneau
Battaglia	Gruenes	Long	Otis	Skoglund
Bauerly	Gutknecht	Marsh	Ozment	Solberg
Beard	Hartle	McDonald	Pappas	Sparby
Begich	Haukoos	McEachern	Pauly	Stanius
Bennett	Hugoson	McKasy	Pelowski	Steenasma
Bertram	Jacobs	McLaughlin	Peterson	Sviggum
Bishop	Jaros	McPherson	Poppenhagen	Swenson
Blatz	Jefferson	Milbert	Price	Thiede
Boo	Jennings	Miller	Quinn	Tjornhom
Brown	Jensen	Minne	Quist	Tompkins
Burger	Johnson, A.	Morrison	Redalen	Trimble
Carlson, D.	Johnson, R.	Munger	Reding	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rest	Uphus
Carruthers	Kahn	Nelson, C.	Rice	Valento
Clark	Kalis	Nelson, D.	Richter	Vanasek
Clausnitzer	Kelly	Nelson, K.	Riveness	Vellenga
Cooper	Kelso	Neuenschwander	Rodosovich	Wagenius
Dauner	Kinkel	O'Connor	Rose	Waltman
DeBlieck	Kludt	Ogren	Rukavina	Welle
Dempsey	Knickerbocker	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Olsen, E.	Schafer	Winter
Dorn	Kostohryz	Olson, K.	Scheid	Wynia
Forsythe	Krueger	Omann	Seaberg	Spk. Norton
Frederick	Larsen	Onnen	Segal	

The bill was passed and its title agreed to.

H. F. No. 834, A bill for an act relating to natural resources; providing for the deposit of receipts from private forest management services into the forest management fund; amending Minnesota Statutes 1986, sections 88.79, subdivision 2; and 89.04.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Orenstein	Simoneau
Anderson, R.	Greenfield	Lieder	Otis	Skoglund
Battaglia	Gruenes	Long	Ozment	Solberg
Bauerly	Gutknecht	Marsh	Pappas	Sparby
Beard	Hartle	McDonald	Pauly	Stanius
Begich	Haukoos	McEachern	Pelowski	Steensma
Bennett	Hugoson	McKasy	Peterson	Sviggum
Bertram	Jacobs	McLaughlin	Poppenhagen	Swenson
Bishop	Jaros	McPherson	Price	Thiede
Blatz	Jefferson	Milbert	Quist	Tjornhom
Boo	Jennings	Miller	Redalen	Tompkins
Brown	Jensen	Minne	Reding	Trimble
Burger	Johnson, A.	Morrison	Rest	Tunheim
Carlson, D.	Johnson, R.	Munger	Rice	Uphus
Carlson, L.	Johnson, V.	Murphy	Richter	Valento
Carruthers	Kahn	Nelson, C.	Riveness	Vanasek
Clark	Kalis	Nelson, D.	Rodosovich	Vellenga
Clausnitzer	Kelly	Nelson, K.	Rose	Wagenius
Cooper	Kelso	Neuenschwander	Rukavina	Waltman
Dauner	Kinkel	O'Connor	Sarna	Welle
DeBlicek	Kludt	Ogren	Schafer	Wenzel
Dempsey	Knickerbocker	Olsen, S.	Scheid	Winter
Dille	Knuth	Olson, E.	Schoenfeld	Wynia
Dorn	Kostohryz	Olson, K.	Seaberg	Spk. Norton
Forsythe	Krueger	Omman	Segal	
Frederick	Larsen	Onnen	Shaver	

The bill was passed and its title agreed to.

H. F. No. 995, A bill for an act relating to human services; clarifying chemical dependency consolidated fund administration procedures; amending Minnesota Statutes 1986, sections 246.51; 246.511; 254B.01, subdivision 5; 254B.02, subdivisions 1, 2, 3, and 5; 254B.03, subdivisions 1, 2, 3, 4, and 5; 254B.04; 254B.05; 254B.06, subdivision 1; 254B.08; and 254B.09, subdivisions 3, 5, and 7; repealing Minnesota Statutes 1986, section 256.968.

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.	Carruthers	Gruenes	Kalis	Marsh
Battaglia	Clark	Gutknecht	Kelly	McDonald
Bauerly	Clausnitzer	Hartle	Kelso	McEachern
Beard	Cooper	Haukoos	Kinkel	McKasy
Begich	Dauner	Hugoson	Kludt	McLaughlin
Bennett	DeBlicek	Jacobs	Knickerbocker	McPherson
Bertram	Dempsey	Jaros	Knuth	Milbert
Bishop	Dille	Jefferson	Kostohryz	Miller
Blatz	Dorn	Jennings	Krueger	Minne
Brown	Forsythe	Jensen	Larsen	Morrison
Burger	Frederick	Johnson, R.	Lasley	Munger
Carlson, D.	Frerichs	Johnson, V.	Lieder	Murphy
Carlson, L.	Greenfield	Kahn	Long	Nelson, C.

Nelson, D.	Pappas	Riveness	Solberg	Vanasek
Nelson, K.	Pauly	Rodosovich	Sparby	Vellenga
Neuenschwander	Pelowski	Rose	Stanius	Wagenius
O'Connor	Peterson	Rukavina	Steensma	Waltman
Ogren	Poppenhagen	Sarna	Sviggum	Welle
Olsen, S.	Price	Schafer	Swenson	Wenzel
Olson, E.	Quinn	Scheid	Thiede	Winter
Olson, K.	Quist	Schoenfeld	Tjornhom	Wynia
Omann	Redalen	Seaberg	Tompkins	Spk. Norton
Onnen	Reding	Segal	Trimble	
Orenstein	Rest	Shaver	Tunheim	
Otis	Rice	Simoneau	Uphus	
Ozment	Richter	Skoglund	Valento	

The bill was passed and its title agreed to.

H. F. No. 916, A bill for an act relating to state government; amending, creating, and deleting various duties of the commissioner of administration; creating the productivity loan fund; providing definitions; requiring interest earned on the revolving fund for vocational rehabilitation of the blind to be credited to the fund; amending Minnesota Statutes 1986, sections 4.31, subdivisions 1, 5, and by adding a subdivision; 14.04; 16B.06, subdivision 4; 16B.08, subdivisions 3 and 7; 16B.09, subdivision 1; 16B.17, subdivision 2; 16B.24, subdivision 6; 16B.29; 16B.39, by adding a subdivision; 16B.51, subdivision 3; 138.17, subdivision 7; 139.19; 248.07, subdivision 8; and Laws 1979, chapter 333, section 18; proposing coding for new law in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1986, sections 16B.39, subdivision 1; and 138.22.

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.	Dempsey	Kahn	Miller	Pauly
Anderson, R.	Dille	Kalis	Minne	Pelowski
Battaglia	Forsythe	Kelly	Morrison	Peterson
Bauerly	Frederick	Kelso	Munger	Poppenhagen
Beard	Frerichs	Kinkel	Murphy	Price
Begich	Greenfield	Kludt	Nelson, C.	Quinn
Bennett	Gruenes	Knickerbocker	Nelson, D.	Quist
Bertram	Gutknecht	Knuth	Nelson, K.	Redalen
Blatz	Hartle	Kostohryz	Neuenschwander	Reding
Boo	Haukoos	Krueger	O'Connor	Rest
Brown	Heap	Larsen	Ogren	Rice
Burger	Hugoson	Lasley	Olsen, S.	Richter
Carlson, D.	Jacobs	Lieder	Olson, E.	Rodosovich
Carlson, L.	Jaros	Long	Olson, K.	Rose
Carruthers	Jefferson	Marsh	Omann	Rukavina
Clark	Jennings	McEachern	Onnen	Sarna
Clausnitzer	Jensen	McKasy	Orenstein	Schafer
Cooper	Johnson, A.	McLaughlin	Otis	Scheid
Dauner	Johnson, R.	McPherson	Ozment	Schoenfeld
DeBlicke	Johnson, V.	Milbert	Pappas	Schreiber

Seaberg	Solberg	Swenson	Uphus	Waltman
Segal	Sparby	Thiede	Valento	Wenzel
Shaver	Stanius	Tjornhom	Vanasek	Winter
Simoneau	Steensma	Trimble	Vellenga	Spk. Norton
Skoglund	Sviggum	Tunheim	Wagenius	

The bill was passed and its title agreed to.

H. F. No. 1030, A bill for an act relating to water pollution; providing for grants and loans for the construction and rehabilitation of wastewater treatment facilities and systems; authorizing rulemaking; amending Minnesota Statutes 1986, sections 116.16, subdivision 5; 116.167; 116.18, subdivisions 2a, 3a, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Segal
Anderson, R.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Hugoson	McLaughlin	Peterson	Stanius
Bertram	Jacobs	McPherson	Poppenhagen	Steensma
Bishop	Jaros	Milbert	Price	Sviggum
Blatz	Jefferson	Miller	Quinn	Swenson
Brown	Jennings	Minne	Quist	Thiede
Burger	Jensen	Morrison	Redalen	Tjornhom
Carlson, D.	Johnson, A.	Munger	Reding	Tompkins
Carlson, L.	Johnson, R.	Murphy	Rest	Trimble
Carruthers	Johnson, V.	Nelson, C.	Rice	Tunheim
Clark	Kahn	Nelson, D.	Richter	Uphus
Clausnitzer	Kalis	Nelson, K.	Riveness	Valento
Cooper	Kelly	Neuenschwander	Rodosovich	Vanasek
Dauner	Kelso	O'Connor	Rose	Vellenga
DeBlicke	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knickerbocker	Olson, E.	Schafer	Welle
Dorn	Knuth	Olson, K.	Scheid	Wenzel
Forsythe	Kostohryz	Omann	Schoenfeld	Winter
Frederick	Krueger	Onnen	Schreiber	Wynia
Frichs	Larsen	Orenstein	Seaberg	

The bill was passed and its title agreed to.

Rose was excused between the hours of 1:45 p.m. and 2:30 p.m.

Speaker pro tempore Simoneau called Long to the Chair.

H. F. No. 1450, A bill for an act relating to workers' compensation; requiring security of self-insurers; regulating special compensation fund assessments and liability; creating a self-insurer insolvency fund; authorizing certain inspections; providing penalties; amending Minnesota Statutes 1986, sections 176.041, subdivision 4; 176.129, subdivisions 9, 11, and 13; 176.131, subdivisions 1 and 8; 176.181, subdivision 3; 176.182; 176.183, subdivisions 1a and 2; 176.225, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 60A and 176.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Krueger	Omann	Segal
Anderson, R.	Greenfield	Larsen	Onnen	Shaver
Battaglia	Gruenes	Lasley	Orenstein	Simoneau
Bauerly	Gutknecht	Lieder	Otis	Skoglund
Beard	Hartle	Long	Ozment	Solberg
Begich	Haukoos	Marsh	Pappas	Sparby
Bennett	Heap	McDonald	Pauly	Stanius
Bertram	Himle	McEachern	Pelowski	Steenasma
Bishop	Hugoson	McKasy	Peterson	Sviggum
Blatz	Jacobs	McLaughlin	Poppenhagen	Thiede
Boo	Jaros	McPherson	Price	Tjornhom
Brown	Jefferson	Milbert	Quinn	Tompkins
Burger	Jennings	Miller	Quist	Tunheim
Carlson, D.	Jensen	Minne	Redalen	Uphus
Carlson, L.	Johnson, A.	Morrison	Reding	Valento
Carruthers	Johnson, R.	Munger	Rest	Vanasek
Clark	Johnson, V.	Murphy	Rice	Vellenga
Clausnitzer	Kahn	Nelson, C.	Richter	Voss
Cooper	Kalis	Nelson, D.	Riveness	Wagenius
Dauner	Kelly	Nelson, K.	Rodosovich	Waltman
DeBlicke	Kelso	Neuenschwander	Rukavina	Welle
Dempsey	Kinkel	O'Connor	Schafer	Wenzel
Dille	Kludt	Ogren	Scheid	Winter
Dorn	Knickerbocker	Olsen, S.	Schoenfeld	Wynia
Forsythe	Knuth	Olson, E.	Schreiber	Spk. Norton
Frederick	Kostohryz	Olson, K.	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 163 was reported to the House.

Clausnitzer moved to amend H. F. No. 163, the third engrossment, as follows:

Pages 14 and 15, delete section 20

Page 15, delete lines 28 to 33, and insert:

"The director of Dakota county human services, the Dakota county attorney, the clerk of the Dakota county court and the Dakota county program manager for child support enforcement shall jointly report to the chairs of the judiciary committees of the house of representatives and the senate on or before January 2, 1989, on their experience in implementing the pilot project required by section 15 and shall make recommendations for any desirable changes in the program."

Pages 15 and 16, delete section 23

Page 16, delete section 26

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Clausnitzer amendment and the roll was called. There were 43 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Beard	Haukoos	Miller	Richter	Thiede
Boo	Himle	Morrison	Rose	Tjornhom
Burger	Hugoson	Nelson, D.	Schafer	Tompkins
Carlson, D.	Johnson, V.	Onnen	Schreiber	Uphus
Clausnitzer	Lasley	Osthoff	Seaberg	Valento
Dauner	Marsh	Pauly	Shaver	Waltman
Dempsey	McDonald	Poppenhagen	Solberg	Welle
Frederick	McPherson	Quist	Sparby	
Gutknecht	Milbert	Redalen	Sviggum	

Those who voted in the negative were:

Anderson, G.	Frerichs	Knickerbocker	Olson, K.	Schoenfeld
Anderson, R.	Greenfield	Knuth	Omann	Segal
Battaglia	Gruenes	Kostohryz	Orenstein	Simoneau
Bauerly	Hartle	Krueger	Otis	Skoglund
Begich	Jacobs	Larsen	Ozment	Steensma
Bennett	Jaros	Lieder	Pappas	Swenson
Bertram	Jefferson	Long	Pelowski	Trimble
Blatz	Jennings	McKasy	Peterson	Tunheim
Brown	Jensen	McLaughlin	Price	Vanasek
Carlson, L.	Johnson, A.	Minne	Quinn	Vellenga
Carruthers	Johnson, R.	Murphy	Reding	Wagenius
Clark	Kahn	Nelson, C.	Rest	Wenzel
Cooper	Kalis	Neuenschwander	Riveness	Winter
DeBlicke	Kelly	O'Connor	Rodosovich	Wynia
Dille	Kelso	Ogren	Rukavina	Spk. Norton
Dorn	Kinkel	Olsen, S.	Sarna	
Forsythe	Kludt	Olson, E.	Scheid	

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

Clausnitzer moved to amend H. F. No. 163, the third engrossment, as follows:

Page 14, line 35, after the period insert “For purposes of this section, “obligation of support” does not include a lump sum cash settlement or a trust arrangement made by agreement of both parties.”

The motion prevailed and the amendment was adopted.

Blatz moved to amend H. F. No. 163, the third engrossment, as amended, as follows:

Page 16, line 17, delete “Subdivision 1.”

Page 16, line 28, after the period insert “If the legislature does not provide for the application of section 20 to every county in the state on or before August 1, 1989, withholding orders entered pursuant to section 20 shall terminate on August 1, 1989.”

Page 16, delete lines 29 to 33

A roll call was requested and properly seconded.

The question was taken on the Blatz amendment and the roll was called. There were 102 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Battaglia	Ferichs	Lasley	Orenstein	Seaberg
Bauerly	Gruenes	Lieder	Osthoff	Shaver
Beard	Gutknecht	Marsh	Ozment	Skoglund
Begich	Hartle	McDonald	Pauly	Solberg
Bennett	Haukoos	McEachern	Pelowski	Stanius
Bertram	Heap	McKasy	Peterson	Sviggunn
Blatz	Himle	McPherson	Poppenhagen	Swenson
Boo	Hugoson	Milbert	Price	Thiede
Brown	Jacobs	Miller	Quinn	Tjornhom
Burger	Jaros	Minne	Quist	Tompkins
Carlson, D.	Jensen	Morrison	Redalen	Trimble
Carlson, L.	Johnson, A.	Murphy	Rest	Uphus
Carruthers	Johnson, R.	Nelson, C.	Rice	Valento
Clausnitzer	Johnson, V.	Neuenschwander	Richter	Vellenga
Cooper	Kalis	O'Connor	Riveness	Waltman
Dauner	Kelly	Ogren	Rodosovich	Welle
Dempsey	Kelso	Olsen, S.	Rose	Wenzel
Dille	Kludt	Olsen, E.	Rukavina	Winter
Dorn	Knickerbocker	Olsen, K.	Sarna	
Forsythe	Kostohryz	Omann	Schafer	
Frederick	Krueger	Omnen	Scheid	

Those who voted in the negative were:

Anderson, R.	DeBlicck	Jennings	Kinkel	McLaughlin
Clark	Greenfield	Kahn	Long	Nelson, K.



Pappas  
RedingSchoenfeld  
SegalSteensma  
TunheimWagenius  
Wynia

Spk. Norton

The motion prevailed and the amendment was adopted.

Blatz moved to amend H. F. No. 163, the third engrossment, as amended, as follows:

Page 15, line 36, delete "no fewer than"

The motion prevailed and the amendment was adopted.

H. F. No. 163, A bill for an act relating to children; regulating paternity determinations; requiring obligee to use available prepaid health plan; regulating support and maintenance obligations; providing for withholding of support; amending Minnesota Statutes 1986, sections 144.219; 256B.37, by adding a subdivision; 257.34, subdivision 1; 257.57, subdivision 2; 257.60; 257.62, by adding a subdivision; 257.63, subdivision 2; 510.07; 518.171, subdivision 1; 518.24; 518.551, subdivision 1, and by adding a subdivision; 518.611, subdivisions 1, 2, 3, 4, 6, and 8; proposing coding for new law in Minnesota Statutes, chapters 256 and 518; repealing Minnesota Statutes 1986, section 257.34, 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 71 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Kostohryz	Olson, K.	Solberg
Anderson, R.	Haukoos	Larsen	Omann	Sparby
Bertram	Jaros	Long	Orenstein	Steensma
Bishop	Jefferson	McKasy	Otis	Swenson
Blatz	Jennings	McLaughlin	Ozment	Tompkins
Brown	Jensen	Minne	Pappas	Trimble
Carlson, L.	Johnson, A.	Morrison	Pauly	Tunheim
Carruthers	Johnson, R.	Munger	Rest	Vanasek
Clark	Kahn	Murphy	Rodosovich	Vellenga
Dille	Kalis	Nelson, C.	Rukavina	Voss
Dorn	Kelly	Nelson, K.	Sarna	Wagenius
Forsythe	Kelso	Neuenschwander	Schoenfeld	Wenzel
Frerichs	Kinkel	Ogren	Seaberg	Winter
Greenfield	Kludt	Olsen, S.	Segal	Wynia
				Spk. Norton

Those who voted in the negative were:

Battaglia	Bennett	Clausnitzer	Frederick	Hugoson
Bauerly	Boo	Cooper	Gutknecht	Jacobs
Beard	Burger	Dauner	Heap	Johnson, V.
Begich	Carlson, D.	Dempsey	Himle	Knuth

Krueger	Miller	Poppenhagen	Riveness	Stanius
Lasley	Nelson, D.	Price	Rose	Sviggum
Lieder	O'Connor	Quinn	Schafer	Thiede
Marsh	Olson, E.	Quist	Scheid	Tjornhom
McDonald	Onnen	Redalen	Schreiber	Uphus
McEachern	Osthoff	Reding	Shaver	Valento
McPherson	Pelowski	Rice	Simoneau	Waltman
Milbert	Peterson	Richter	Skoglund	Welle

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees.

### REPORTS OF STANDING COMMITTEES

Voss from the Committee on Taxes to which was referred:

H. F. No. 169, A bill for an act relating to lawful gambling; including payment of federal taxes as a lawful purpose; increasing the percentage of profits that may be used for necessary expenses; regulating distributor licenses; authorizing the board to determine distributor licensee fees, manufacturer certificate fees, and the price of the gambling equipment registration stamp; regulating the warehousing of gambling equipment within the state; regulating the leasing of premises for lawful gambling; authorizing the board to adopt rules restricting the amount of rent charged; prohibiting lessors from any involvement in lawful gambling; removing the board's authority to adopt a schedule of compensation; making various technical changes; authorizing local taxes on charitable gambling; amending Minnesota Statutes 1986, sections 349.12, subdivisions 11, 12, 13, and 15; 349.14; 349.15; 349.161, subdivisions 3, 4, 5, and 7; 349.162, subdivision 1, and by adding subdivisions; 349.163, subdivision 2; 349.18, subdivision 1; 349.19, subdivision 3; 349.21; 349.212, subdivision 1, and by adding a subdivision; repealing Minnesota Statutes 1986, section 349.16, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 349.12, subdivision 11, is amended to read:

Subd. 11. "Lawful purpose" means one or more of the following: (a) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as

worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; or (d) the improving, expanding, maintaining or repairing real property owned or leased by an organization; or (e) payment of taxes imposed by this chapter, and imposed by the United States on receipts from lawful gambling.

“Lawful purpose” does not include the erection or acquisition of any real property, unless the board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in this clause.

Sec. 2. Minnesota Statutes 1986, section 349.12, subdivision 12, is amended to read:

Subd. 12. “Organization” means any fraternal, religious, veterans, or other nonprofit organization which has been in existence for at least three years and has at least 15 active members.

Sec. 3. Minnesota Statutes 1986, 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 prizes and taxes imposed by this chapter.

Sec. 4. Minnesota Statutes 1986, section 349.12, subdivision 15, is amended to read:

Subd. 15. “Gambling equipment” means: bingo cards and devices for selecting bingo numbers, pull-tabs, ~~ticket jars~~ jar tickets, paddlewheels, and tipboards.

Sec. 5. Minnesota Statutes 1986, section 349.14, is amended to read:

**349.14 [ORGANIZATION MAY CONDUCT LAWFUL GAMBLING; LICENSE.]**

An organization may conduct lawful gambling if it ~~has been in existence for at least three years, has at least 15 active members,~~ has a license to conduct lawful gambling from the board and complies with this chapter.

Sec. 6. Minnesota Statutes 1986, 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~~ 55 percent of profits from bingo, and no more than ~~40~~ 45 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. 7. Minnesota Statutes 1986, section 349.151, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] The compensation of board members is \$35 per day spent on commission activities, when authorized by the board, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section ~~43A.18, subdivision 2~~ as provided in section 15.0575, subdivision 3.

Sec. 8. Minnesota Statutes 1986, section 349.161, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor a person, who:

(1) has been convicted of a felony in a state or federal court within the past five years or who has a felony charge pending;

(2) has ever been convicted in a state or federal court of a gambling-related offense; or

(3) is or has ever been engaged in an illegal business.

Sec. 9. Minnesota Statutes 1986, section 349.161, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION.] (a) No distributor, or employee eligible to make sales on behalf of a distributor, may also be a wholesale distributor of liquor or alcoholic beverages.

(b) No distributor, or employee authorized to make sales on behalf of a distributor, may be involved directly in the operation of lawful gambling conducted by an organization.

Sec. 10. Minnesota Statutes 1986, section 349.161, subdivision 7, is amended to read:

Subd. 7. [CRIMINAL HISTORY.] The board may request the assistance of the bureau of criminal apprehension in investigating the background of an applicant for a ~~supplier's distributor's~~ license and may reimburse the bureau for the costs thereof. The board has access to all criminal history data compiled by the bureau on licensees and applicants.

Sec. 11. Minnesota Statutes 1986, section 349.161, is amended by adding a subdivision to read:

Subd. 9. [PERMANENT OFFICE.] Licensed distributors must maintain a permanent office in Minnesota. All records required to be maintained by this chapter must be kept at that location.

Sec. 12. Minnesota Statutes 1986, section 349.162, subdivision 1, is amended to read:

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 stamps must be kept in Minnesota and affixed to gambling equipment at a facility owned or leased by the distributor. The board shall charge a fee of 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.

Sec. 13. Minnesota Statutes 1986, section 349.162, is amended by adding a subdivision to read:

Subd. 4. [PROHIBITION.] No person other than a licensed organization or a licensed distributor may possess registration stamps issued by the board.

Sec. 14. Minnesota Statutes 1986, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of at least one year and must be in writing. Copies of all leases must be made available to employees of the board on request. A lease may not provide for rental payments based on a percentage of receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling.

Sec. 15. Minnesota Statutes 1986, section 349.18, subdivision 3, is amended to read:

Subd. 3. [PROCEEDS FROM RENTAL.] A licensed organization which leases Rental proceeds from premises it owns owned by a licensed organization and leased or subleased to one or more other licensed organizations for the purposes including the conduct of conducting lawful gambling may expend the rental proceeds, less reasonable deductions for maintenance, furnishings, and utilities, only for lawful purposes. The rental proceeds must be recorded and reported as proceeds from gambling under section 349.19 shall not be reported as gambling proceeds under this chapter.

Sec. 16. Minnesota Statutes 1986, section 349.19, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] All expenditures of bingo profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment.

Sec. 17. Minnesota Statutes 1986, section 349.21, is amended to read:

#### 349.21 [COMPENSATION.]

Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that nonmanagement assistants who are not active members or spouses may be hired to assist in the conduct of lawful gambling in nonmanagement positions if approved by a majority of the organization's members.

The amounts of compensation which may be paid under this section ~~must~~ may be provided for in a schedule of compensation adopted by the board by rule. In adopting ~~the~~ a schedule the board must consider the nature of the participation and the types of lawful gambling participated in.

A licensed organization may pay a percentage of the gross receipts from raffle ticket sales to a nonprofit organization which sells tickets for the licensed organization.

Sec. 18. Minnesota Statutes 1986, section 349.213, subdivision 1, 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. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or section 349.212.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective June 1, 1987."

Delete the title and insert:

"A bill for an act relating to lawful gambling; including payment of taxes as a lawful purpose; increasing the percentage of profits that may be used for necessary expenses; changing requirements for distributors; authorizing the board to adopt rules restricting the amount of rent charged by organizations; prohibiting local units of government from requiring organizations to make certain expenditures; making various technical changes; amending Minnesota Statutes 1986, sections 349.12, subdivisions 11, 12, 13, and 15; 349.14; 349.15; 349.151, subdivision 3; 349.161, subdivisions 3, 5, 7, and by adding a subdivision; 349.162, subdivision 1, and by adding a subdivision; 349.18, subdivisions 1 and 3; 349.19, subdivision 3; 349.21; and 349.213, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 1219, A bill for an act relating to taxation; authorizing Scott county to impose a tax on admissions to major amusement facilities; providing for expenditure of the proceeds of the tax.

Reported the same back with the following amendments:

Page 1, line 11, before the period insert "for the county's share of the cost of the Bloomington ferry bridge"

Page 2, after line 11, insert:

“Sec. 2. [REPEALER.]

Section 1 is repealed ten days following the earlier of (1) certification by the Scott county treasurer that sufficient proceeds of the tax have been deposited in the county road and bridge fund to pay for the county's share of all related costs of the Bloomington ferry bridge, or (2) construction of the Bloomington ferry bridge is completed.”

Page 2, line 12, delete “2” and insert “3”

Page 2, line 13, delete “Section 1” and insert “This act”

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 169 and 1219 were read for the second time.

## CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of S. F. No. 121.

S. F. No. 121 was reported to the House.

McEachern and Bauerly moved to amend S. F. No. 121, the unofficial engrossment, as follows:

Page 2, line 1, after the period, insert “A peace officer may not issue a citation for a violation of this section unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation other than a violation involving motor vehicle equipment.”

A roll call was requested and properly seconded.

The question was taken on the McEachern and Bauerly amendment and the roll was called. There were 116 yeas and 7 nays as follows:

Those who voted in the affirmative were:



Anderson, G.	Frerichs	Larsen	Pelowski	Solberg
Anderson, R.	Greenfield	Lasley	Peterson	Sparby
Battaglia	Gruenes	Lieder	Poppenhagen	Stanius
Bauerly	Gutknecht	Marsh	Price	Steensma
Beard	Hartle	McEachern	Quinn	Sviggum
Begich	Haukoos	McKasy	Quist	Swenson
Bennett	Heap	McPherson	Redalen	Thiede
Bertram	Himle	Milbert	Reding	Tjornhom
Bishop	Hugoson	Miller	Rest	Trimble
Blatz	Jefferson	Minne	Rice	Tunheim
Boo	Jennings	Morrison	Richter	Uphus
Brown	Jensen	Nelson, C.	Riveness	Valento
Burger	Johnson, A.	Nelson, D.	Rodosovich	Vanasek
Carlson, D.	Johnson, R.	Neuenschwander	Rose	Vellenga
Carlson, L.	Johnson, V.	O'Connor	Rukavina	Wagenius
Carruthers	Kalis	Ogren	Sarna	Waltman
Clausnitzer	Kelly	Olson, E.	Schafer	Welle
Cooper	Kelso	Olson, K.	Scheid	Wenzel
Dauner	Kinkel	Omamm	Schoenfeld	Winter
Dempsey	Kludt	Orenstein	Schreiber	Spk. Norton
Dille	Knickerbocker	Osthoff	Seaberg	
Dorn	Knuth	Otis	Segal	
Forsythe	Kostohryz	Ozment	Shaver	
Frederick	Krueger	Pauly	Simoneau	

Those who voted in the negative were:

McDonald	Murphy	Onnen	Tompkins
McLaughlin	Olsen, S.	Skoglund	

The motion prevailed and the amendment was adopted.

Begich and Carlson, D., moved to amend S. F. No. 121, the unofficial engrossment, as amended, as follows:

Page 1, line 24, delete "\$25" and insert "\$10"

The motion prevailed and the amendment was adopted.

Begich and Brown moved to amend S. F. No. 121, the unofficial engrossment, as amended, as follows:

Page 2, after line 3, insert:

"Sec. 2. Minnesota Statutes 1986, section 169.686, subdivision 2, is amended to read:

Subd. 2. [SEAT BELT EXEMPTIONS.] This section shall not apply to:

(1) a person driving a passenger vehicle in reverse;

(2) a person riding in a seat in which all the seating positions equipped with safety belts are occupied by other persons;

(3) a person who is in possession of a written certificate from a licensed physician verifying that because of medical unfitness or physical disability the person is unable to wear a seat belt;

(4) a person who is actually engaged in work that requires the person to alight from and reenter a passenger vehicle at frequent intervals and who, while engaged in that work, does not drive or travel in that vehicle at a speed exceeding 25 miles per hour;

(5) a rural mail carrier of the United States Postal Service while in the performance of duties;

(6) a person driving or riding in a passenger vehicle manufactured before January 1, 1965; and

(7) a person driving or riding in a pickup truck, as defined in section 168.011, subdivision 29, while engaged in normal farming work or activity; and

(8) a person licensed to and who is carrying a gun in a shoulder holster.

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete "subdivision 1," and insert "subdivisions 1, 2,"

#### POINT OF ORDER

Simoneau raised a point of order pursuant to rule 3.9 that the Begich and Brown amendment was not in order. Speaker pro tempore Long ruled the point of order not well taken and the amendment in order.

The question recurred on the adoption of the Begich and Brown amendment to S. F. No. 121, the unofficial engrossment, as amended. The motion did not prevail and the amendment was not adopted.

Kludt moved to amend S. F. No. 121, the unofficial engrossment, as amended, as follows:

Page 1, line 27, delete "person" and insert "child of the driver under the age of 15 or any child under the age of 11"

Page 2, line 1, delete "under the age of 15"

The motion prevailed and the amendment was adopted.

Frerichs offered an amendment to S. F. No. 121, the unofficial engrossment, as amended.

#### POINT OF ORDER

Swenson raised a point of order pursuant to rule 3.9 that the Frerichs amendment was not in order. Speaker pro tempore Long ruled the point of order well taken and the amendment out of order.

S. F. No. 121, the unofficial engrossment, as amended, was read for the third time.

#### CALL OF THE HOUSE

On the motion of Vellenga and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, R.	Greenfield	Lasley	Osthoff	Segal
Battaglia	Gruenes	Lieder	Otis	Shaver
Bauerly	Gutknecht	Long	Ozment	Simoneau
Beard	Hartle	Marsh	Pappas	Skoglund
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steensma
Bishop	Hugoson	McLaughlin	Popenhagen	Sviggum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jefferson	Milbert	Quinn	Thiede
Brown	Jennings	Miller	Quist	Tjornhom
Burger	Jensen	Minne	Redalen	Tompkins
Carlson, D.	Johnson, A.	Morrison	Reding	Trimble
Carlson, L.	Johnson, R.	Munger	Rest	Tunheim
Carruthers	Johnson, V.	Murphy	Rice	Uphus
Clark	Kahn	Nelson, C.	Richter	Valento
Clausnitzer	Kalis	Nelson, D.	Riveness	Vanasek
Cooper	Kelly	Nelson, K.	Rodosovich	Vellenga
Dauner	Kelso	O'Connor	Rose	Voss
DeBlicck	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knickerbocker	Olson, E.	Schafer	Wenzel
Dorn	Knuth	Olson, K.	Scheid	Winter
Forsythe	Kostohryz	Omann	Schoenfeld	Wynia
Frederick	Krueger	Onnen	Schreiber	Spk. Norton
Frerichs	Larsen	Orenstein	Seaberg	

Otis 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. 121, A bill for an act relating to traffic regulations; clarifying that a child under four is not required to use a seat belt; imposing penalty for failure to wear seat belt; amending Minnesota Statutes 1986, section 169.686, subdivision 1.

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.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Battaglia	Himle	McKasy	Ozment	Seaberg
Bauerly	Jaros	McLaughlin	Pappas	Segal
Bennett	Jefferson	Morrison	Pauly	Skoglund
Bishop	Johnson, A.	Munger	Peterson	Swenson
Boo	Kahn	Murphy	Price	Trimble
Clark	Kalis	Nelson, D.	Rest	Vellenga
DeBlieck	Kelly	Nelson, K.	Rice	Wagenius
Dille	Kludd	Neuenschwander	Rodosovich	Welle
Dorn	Knickerbocker	Olsen, S.	Rose	Wynia
Forsythe	Knuth	Olson, K.	Sarna	Spk. Norton
Greenfield	Lasley	Orenstein	Schafer	
Hartle	Long	Osthoff	Scheid	
Heap	McEachern	Otis	Schreiber	

Those who voted in the negative were:

Anderson, G.	Frederick	Larsen	Poppenhagen	Thiede
Anderson, R.	Frerichs	Lieder	Quinn	Tjornhom
Beard	Gruenes	Marsh	Quist	Tompkins
Begich	Gutknecht	McDonald	Redalen	Tunheim
Bertram	Haukoos	McPherson	Reding	Uphus
Blatz	Hugoson	Milbert	Richter	Valento
Brown	Jacobs	Miller	Riveness	Vanasek
Burger	Jennings	Minne	Rukavina	Voss
Carlson, D.	Jensen	Nelson, C.	Schoenfeld	Waltman
Carlson, L.	Johnson, R.	O'Connor	Shaver	Wenzel
Carruthers	Johnson, V.	Ogren	Simoneau	Winter
Clausnitzer	Kelso	Olson, E.	Sparby	
Cooper	Kinkel	Omann	Stanius	
Dauner	Kostohryz	Onnen	Steensma	
Dempsey	Krueger	Pelowski	Swiggum	

The bill was not passed, as amended.

### SPECIAL ORDERS

S. F. No. 1268 was reported to the House.

Nelson, C., moved that S. F. No. 1268 be returned to General Orders. The motion prevailed.

S. F. No. 577, A bill for an act relating to business corporations; regulating mergers and exchanges; amending Minnesota Statutes 1986, sections 302A.111, subdivision 2; 302A.471, subdivisions 1

and 3; 302A.601, subdivision 2; 302A.611; 302A.613; 302A.615; 302A.631; and 302A.641, 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 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Battaglia	Hartle	Lieder	Pauly	Skoglund
Bauerly	Haukoos	Long	Pelowski	Solberg
Begich	Heap	Marsh	Peterson	Sparby
Bennett	Himle	McDonald	Poppenhagen	Stanius
Bertram	Hugoson	McKasy	Price	Steensma
Bishop	Jacobs	McLaughlin	Quinn	Sviggum
Blatz	Jaros	McPherson	Quist	Swenson
Brown	Jefferson	Milbert	Redalen	Thiede
Burger	Jennings	Miller	Reding	Tjornhom
Carlson, D.	Jensen	Morrison	Rest	Tompkins
Carlson, L.	Johnson, A.	Munger	Rice	Trimble
Carruthers	Johnson, R.	Murphy	Richter	Tunheim
Clausnitzer	Johnson, V.	Nelson, K.	Riverness	Uphus
Cooper	Kahn	O'Connor	Rodosovich	Valento
Dauner	Kalis	Ogren	Rose	Vanasek
DeBlieck	Kelly	Olsen, S.	Rukavina	Vellenga
Dempsey	Kelso	Olson, E.	Sarna	Voss
Dille	Kinkel	Olson, K.	Schafer	Wagenius
Dorn	Kludd	Omann	Scheid	Waltman
Forsythe	Knickerbocker	Onnen	Schoenfeld	Welle
Frederick	Knuth	Orenstein	Schreiber	Wenzel
Frerichs	Kostohryz	Osthoff	Seaberg	Winter
Greenfield	Krueger	Otis	Segal	Wynia
Gruenes	Larsen	Ozment	Shaver	Spk. Norton
Gutknecht	Lasley	Pappas	Simoneau	

Those who voted in the negative were:

McEachern

The bill was passed and its title agreed to.

#### CALL OF THE HOUSE LIFTED

Rest moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Beard and Ogren were excused for the remainder of today's session.

S. F. No. 1261 was reported to the House.

DeBlieck moved to amend S. F. No. 1261, the unofficial engrossment, as follows:

Page 2, line 11, after the period insert "If the building officials of a municipality other than the state meet the requirements of section 16B.65, the commissioner must contract with the municipality for plan review, code administration, and code enforcement service for public buildings in the contractual jurisdiction, unless the commissioner determines that contracting is not advisable because of the complexity of the construction project and the inadequacy of the experience and training of the local building inspectors."

Page 4, after line 13, insert:

"Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment, but do not apply to the construction and remodeling of public buildings for which plans and specifications have been approved by the commissioner prior to that date."

The motion prevailed and the amendment was adopted.

S. F. No. 1261, A bill for an act relating to the state building code; changing certain provisions relating to public buildings; amending Minnesota Statutes 1986, sections 16B.60, subdivisions 3 and 6; 16B.61, by adding a subdivision; and 16B.71.

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 3 nays as follows:

Those who voted in the affirmative were:

Battaglia	Gruenes	Knuth	Olson, E.	Rukavina
Bauerly	Gutknecht	Kostohryz	Olson, K.	Sarna
Begich	Hartle	Krueger	Omann	Schafer
Bennett	Haukoos	Larsen	Onnen	Scheid
Bertram	Heap	Lasley	Orenstein	Schoenfeld
Bishop	Himle	Lieder	Otis	Schreiber
Blatz	Hugoson	Long	Ozment	Seaberg
Brown	Jacobs	McDonald	Pauly	Segal
Burger	Jaros	McEachern	Pelowski	Shaver
Carlson, D.	Jefferson	McKasy	Peterson	Simoneau
Carlson, L.	Jennings	McLaughlin	Poppenhagen	Skoglund
Carruthers	Jensen	Milbert	Price	Sparby
Clark	Johnson, A.	Miller	Quinn	Stanius
Clausnitzer	Johnson, R.	Minne	Quist	Steensma
Cooper	Johnson, V.	Morrison	Redalen	Sviggum
Dauner	Kahn	Munger	Reding	Swenson
DeBlieck	Kalis	Murphy	Rest	Tjornhom
Dille	Kelly	Nelson, C.	Rice	Tompkins
Forsythe	Kelso	Nelson, D.	Richter	Trimble
Frederick	Kinkel	Nelson, K.	Riveness	Tunheim
Frerichs	Kludt	O'Connor	Rodosovich	Uphus
Greenfield	Knickerbocker	Olsen, S.	Rose	Valento

Vanasek Vellenga	Voss Wagenius	Waltman Welle	Wenzel Winter	Wynia Spk. Norton
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Those who voted in the negative were:

Marsh	Osthoff	Thiede
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The bill was passed, as amended, and its title agreed to.

S. F. No. 555, A bill for an act relating to human services; prohibiting the use of faradic shock in certain facilities; including certain aversive and deprivation procedures as abuse; amending Minnesota Statutes 1986, sections 245.825, subdivision 1; 626.556, subdivision 2; and 626.557, 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	Larsen	Otis	Simoneau
Battaglia	Gutknecht	Lasley	Ozment	Skoglund
Bauerly	Hartle	Lieder	Pappas	Solberg
Begich	Haukoos	Long	Pauly	Sparby
Bennett	Heap	Marsh	Pelowski	Stanius
Bertram	Himle	McDonald	Peterson	Steensma
Bishop	Hugoson	McEachern	Poppenhagen	Sviggum
Blatz	Jacobs	McKasy	Price	Swenson
Brown	Jaros	McLaughlin	Quinn	Thiede
Burger	Jefferson	McPherson	Quist	Tjornhom
Carlson, D.	Jennings	Milbert	Redalen	Tompkins
Carlson, L.	Jensen	Miller	Reding	Trimble
Carruthers	Johnson, A.	Minne	Rest	Tunheim
Clark	Johnson, R.	Morrison	Richter	Uphus
Clausnitzer	Johnson, V.	Munger	Riveness	Valento
Cooper	Kahn	Murphy	Rodosovich	Vanasek
Dauner	Kalis	Nelson, C.	Rose	Vellenga
DeBlick	Kelly	Nelson, D.	Rukavina	Voss
Dempsey	Kelso	O'Connor	Sarna	Wagenius
Dille	Kinkel	Olson, E.	Schafer	Waltman
Dorn	Kludt	Olson, K.	Scheid	Welle
Forsythe	Knickerbocker	Omann	Schoenfeld	Wenzel
Frederick	Knuth	Onnen	Schreiber	Winter
Frerichs	Kostohryz	Orenstein	Segal	Wynia
Greenfield	Krueger	Osthoff	Shaver	Spk. Norton

The bill was passed and its title agreed to.

S. F. No. 607, A bill for an act relating to traffic regulations; peace officers; authorizing peace officers to inspect for regulated tires; amending Minnesota Statutes 1986, section 169.725.

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 71 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Jacobs	Lieder	Pelowski	Steenma
Battaglia	Jaros	Long	Peterson	Swenson
Bauerly	Jefferson	McEachern	Price	Trimble
Begich	Jennings	Milbert	Quinn	Tunheim
Bennett	Jensen	Minne	Rest	Vellenga
Bertram	Johnson, A.	Morrison	Rice	Voss
Bishop	Johnson, R.	Murphy	Riveness	Wagenius
Burger	Kelly	Nelson, C.	Rukavina	Wenzel
Carlson, L.	Kelso	O'Connor	Sarna	Winter
Carruthers	Kinkel	Omann	Scheid	Wynia
Clark	Kludt	Orenstein	Schoenfeld	Spk. Norton
Greenfield	Knickerbocker	Osthoff	Segal	
Gruenes	Knuth	Otis	Simoneau	
Hartle	Kostohryz	Ozment	Skoglund	
Heap	Larsen	Pappas	Solberg	

Those who voted in the negative were:

Brown	Gutknecht	Miller	Reding	Thiede
Clausnitzer	Haukoos	Munger	Richter	Tjornhom
Cooper	Himle	Olsen, S.	Rodosovich	Tompkins
Dauner	Hugoson	Olson, E.	Rose	Uphus
DeBlick	Johnson, V.	Olson, K.	Schafer	Valento
Dempsey	Kalis	Onnen	Schreiber	Waltman
Dille	Krueger	Pauly	Shaver	Welle
Forsythe	Marsh	Poppenhagen	Sparby	
Frederick	McDonald	Quist	Stanius	
Frerichs	McPherson	Redalen	Svigum	

The bill was passed and its title agreed to.

S. F. No. 153 was reported to the House.

There being no objection, S. F. No. 153 was continued on Special Orders for one day.

H. F. No. 1496 was reported to the House.

Clark moved to amend H. F. No. 1496, the second engrossment, as follows:

Page 4, line 15, delete "disallowances" and insert "sanctions"

Page 4, line 16, delete "disallowance" and insert "sanction"

Page 4, line 18, after "costs" insert "for food stamps"

Page 4, line 20, delete "disallowances" and insert "sanctions"

The motion prevailed and the amendment was adopted.



H. F. No. 1496, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

Forsythe moved that the action whereby H. F. No. 1496, as amended, was given its third reading be now reconsidered. The motion prevailed.

Forsythe moved to amend H. F. No. 1496, the second engrossment, as amended, as follows:

Page 5, after line 1, insert:

“(c) A county or counties jointly may elect not to have its sanction amount computed by the formula in paragraph (a). It may instead choose to have its sanction amount calculated on the basis of its own error rate. A county may elect this option provided that it does so at no cost to the state and that the county’s error rate is documented in the same way and with the same accuracy as the federal requirements for documentation of the statewide error rate. The county’s sanction amount shall then be the same proportion of all sanctions for the state that the county’s errors are of the total of all errors in the state for the program. The balance of the state’s sanction amount shall be distributed to the other counties according to paragraph (a). The county shall inform the department of its decision to use this paragraph ninety days before the beginning of the following fiscal year.”

Page 5, line 12, after the period insert “For years prior to 1987, a county may choose the option provided by section 256.01, subdivision 2, clause (14), paragraph (c) before ninety days after the effective date of this act.”

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

Speaker pro tempore Long called Simoneau to the Chair.

H. F. No. 1496, A bill for an act relating to human services; altering allocation of federal fiscal disallowances based on error rates; amending Minnesota Statutes 1986, section 256.01, 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 57 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Blatz	Himle	Morrison	Pappas	Skoglund
Burger	Jefferson	Munger	Pauly	Swenson
Carlson, L.	Jennings	Murphy	Price	Tjornhom
Carruthers	Kahn	Nelson, D.	Rest	Tompkins
Clark	Kelly	Nelson, K.	Rice	Trimble
Dempsey	Kludt	Neuenschwander	Riveness	Vellenga
Dille	Knickerbocker	O'Connor	Sarna	Wagenius
Forsythe	Knuth	Olsen, S.	Schafer	Wynia
Greenfield	Larsen	Olson, K.	Schreiber	Spk. Norton
Gruenes	Long	Orenstein	Seaberg	
Haukoos	McDonald	Otis	Segal	
Heap	McLaughlin	Ozment	Simoneau	

Those who voted in the negative were:

Anderson, R.	Frerichs	Krueger	Pelowski	Solberg
Bauerly	Gutknecht	Lasley	Peterson	Sparby
Begich	Hartle	Lieder	Poppenhagen	Steensma
Bennett	Hugoson	Marsh	Quinn	Sviggum
Bertram	Jacobs	McEachern	Quist	Thiede
Bishop	Jaros	McKasy	Redalen	Tunheim
Brown	Jensen	McPherson	Reding	Uphus
Carlson, D.	Johnson, A.	Miller	Richter	Valento
Clausnitzer	Johnson, R.	Minne	Rodosovich	Vanasek
Cooper	Johnson, V.	Nelson, C.	Rose	Voss
Dauner	Kalis	Olson, E.	Rukavina	Waltman
DeBlick	Kelso	Omann	Scheid	Welle
Dorn	Kinkel	Onnen	Schoenfeld	Wenzel
Frederick	Kostohryz	Osthoff	Shaver	Winter

The bill was not passed, as amended.

The Speaker resumed the Chair.

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. 1315, A bill for an act relating to the organization and operation of state government; appropriating money for the general

legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; providing for a study of the Minnesota veterans' home; providing for information systems management; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; amending Minnesota Statutes 1986, sections 2.722, subdivision 1; 3.099, subdivision 3; 3.30, subdivision 2; 3.85, subdivision 12; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.07, subdivisions 1 and 2; 14.08; 14.47, subdivision 8; 15.01; 15.06, subdivision 1; 15A.081, subdivision 1; 16A.127, subdivision 8; 16A.85, by adding a subdivision; 16B.20, subdivision 2; 16B.41; 16B.42, subdivision 4; 69.021, subdivision 5; 84.01, subdivision 3; 84.0272; 84.091, subdivision 3; 84.83, subdivision 3; 85.30; 85.41; 85.42; 85.43; 85.45; 85A.04, subdivision 1; 88.065; 88.17, subdivision 2; 88.75, subdivision 1; 88.76; 88.79, subdivision 2; 89.04; 92.46, subdivision 1; 92.67, subdivisions 1, 4, and by adding a subdivision; 93.335, subdivision 4; 97A.061, subdivision 1; 97A.065, subdivision 2; 97A.105, subdivision 1; 97A.415, subdivision 1; 97A.445, subdivision 1; 97A.451, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20; 97A.485, subdivision 6; 97C.211, by adding a subdivision; 115A.15, subdivision 6; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.49; 115A.51; 115A.52; 115A.53; 115A.917; 116.41, subdivision 2; 116J.615, by adding a subdivision; 116M.06, subdivisions 2 and 4; 116M.11, subdivision 2; 161.1419, subdivision 4; 175A.07, subdivision 2; 176.611, subdivisions 2, 6a, and by adding a subdivision; 179A.03, subdivision 17; 179A.04, subdivision 3; 179A.13; 179A.16; 179A.21; 179A.25; 197.481, subdivision 5; 204B.11, subdivision 1; 221.67; 271.01, by adding a subdivision; 273.1314, subdivision 16a; 296.16, subdivision 1; 296.421, subdivision 5; 302A.011, subdivision 11; 302A.153; 303.13, subdivision 1; 303.21, subdivision 3; 317.67, subdivision 2; 322A.16; 322A.71; 330.11, subdivision 3; 333.055, subdivision 3; 363.05, subdivision 1; 363.071, subdivision 2; 363.14, subdivision 1; 403.11, subdivision 1; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.351, by adding a subdivision; 480.241; 480A.08, subdivision 3; 540.152; 543.08; 609.101; 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 43A; 84; 86; 88; 89; 93; 97A; 97C; 115A; 480; 481; repealing Minnesota Statutes 1986, sections 3.9226, subdivision 8; 3C.035, subdivision 2; 3C.055; 3C.056; 3C.057; 6.495, subdivision 2; 92.67, subdivision 6; 116J.87; 179A.03, subdivision 3; 179A.05; 296.421, subdivision 5a; 363.01, subdivisions 14 and 26; 363.04, subdivisions 1, 2, 9, and 10; 363.12, subdivision 3; 363.121; 473.351, subdivision 5.

PATRICK E. FLAHAVER, Secretary of the Senate

Kahn moved that the House refuse to concur in the Senate amendments to H. F. No. 1315, that the Speaker appoint a Confer-

ence 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.

#### ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1315:

Kahn; Battaglia; Anderson, G.; Nelson, D., and Carlson, D.

#### SPECIAL ORDERS, Continued

S. F. No. 830 was reported to the House.

Gruenes moved to amend S. F. No. 830, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 80C.14, is amended to read:

#### 80C.14 [UNFAIR PRACTICES.]

Subdivision 1. [PROHIBITION.] No person, whether by means of a term or condition of a franchise or otherwise, shall engage in any unfair or inequitable practice in contravention of such rules as the commissioner may adopt defining as to franchises the words "unfair and inequitable." For the purpose of rules defining the words "unfair and inequitable", the commissioner may specifically recognize classifications of franchises including but not limited to the classifications of motor vehicle fuel franchises, motor vehicle franchises, hardware franchises, and franchises which require that the franchisee make an initial, unfinanced investment in excess of \$200,000. Any A violation of this section is enjoined by a court of competent jurisdiction.

A temporary injunction may be granted under this section without requiring the posting of any bond or security. A bond or security shall be is required if a temporary restraining order is granted.

Subd. 2. [ACTS CONSTITUTING.] All franchise contracts or agreements, other than those classifications of franchises specifically recognized by the commissioner pursuant to under subdivision 1, and any other device or practice of a franchisor shall must conform to the following provisions subdivisions 3 and 4. It shall be deemed is an unfair and inequitable practice for any a person to: commit an act specified in subdivision 3 or 4.

Subd. 3. [TERMINATION OR CANCELLATION.] (a) terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the franchisee at least 60 days in advance of termination or cancellation, except that the notice shall be effective immediately upon receipt where the alleged grounds are: No person may terminate or cancel a franchise unless: (i) that person has given written notice setting forth all the reasons for the termination or cancellation at least 90 days in advance of termination or cancellation, and (ii) the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are:

(1) voluntary abandonment of the franchise relationship by the franchisee;

(2) the conviction of the franchisee of an offense directly related to the business conducted pursuant to the franchise; or

(3) failure to cure a default under the franchise agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logotype or other commercial symbol after the franchisee has received written notice to cure of at least 24 hours in advance thereof;

(b) No person may terminate or cancel a franchise except for good cause. "Good cause" shall be means failure by the franchisee to substantially to comply with the material and reasonable franchise requirements imposed by the franchise franchisor including, but not limited to:

(1) the bankruptcy or insolvency of the franchisee;

(2) assignment for the benefit of creditors or similar disposition of the assets of the franchise business;

(3) voluntary abandonment of the franchise business;

(4) conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or

(5) any act by or conduct of the franchisee which materially impairs the goodwill associated with the franchisor's trademark, trade name, service mark, logotype or other commercial symbol; or

(e) fail to renew a franchise unless the franchisee has been given written notice of the intention not to renew at least 90 days in advance thereof and has been given a sufficient opportunity to

recover the franchisee's investment unless the failure to renew is for good cause as defined in clause (b).

Subd. 4. [FAILURE TO RENEW.] Unless the failure to renew a franchise is for good cause as defined in subdivision 3, paragraph (b), and the franchisee has failed to correct reasons for termination as required by subdivision 3, no person may fail to renew a franchise unless (1) the franchisee has been given written notice of the intention not to renew at least 180 days in advance of the expiration of the franchise; (2) the franchisee has been given an opportunity to operate the franchise over a sufficient period of time to enable him to recover the fair market value of the franchise as a going concern; and (3) the franchisor's refusal to renew is not for the purpose of converting the franchisee's business premises to an operation that will be owned by the franchisor for its own account.

Subd. 5. [WITHHOLDING CONSENT TO TRANSFER.] It is unfair and inequitable for a person to unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular franchisor.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment and applies to all franchise contracts or agreements in effect on that date.

Delete the title and insert:

"A bill for an act relating to commerce; regulating nonrenewals and transfers of franchises; providing civil liability for unfair practices in relation to franchises; amending Minnesota Statutes 1986, section 80C.14."

The motion prevailed and the amendment was adopted.

Gruenes moved to amend S. F. No. 830, as amended, as follows:

Page 3, line 26, after the semicolon insert "and"

Page 3, line 30, after "concern" insert a period and delete the remainder of the line

Page 3, after line 30, insert:

"No franchisor may refuse to renew a franchise if the refusal is for"

The motion prevailed and the amendment was adopted.

S. F. No. 830, A bill for an act relating to commerce; regulating nonrenewals and transfers of franchises; providing civil liability for unfair practices in relation to franchises; amending Minnesota Statutes 1986, sections 80C.14; and 80C.17, 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 102 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gutknecht	Lasley	Orenstein	Simoneau
Battaglia	Hartle	Lieder	Otis	Skoglund
Bauerly	Haukoos	Long	Ozment	Solberg
Begich	Jacobs	Marsh	Pappas	Sviggum
Bennett	Jaros	McDonald	Pelowski	Swenson
Bertram	Jefferson	McEachern	Peterson	Tjornhom
Bishop	Jennings	McLaughlin	Price	Trimble
Blatz	Jensen	McPherson	Quinn	Uphus
Burger	Johnson, A.	Minne	Quist	Vanasek
Carlson, D.	Johnson, R.	Munger	Reding	Vellenga
Carlson, L.	Johnson, V.	Murphy	Rest	Voss
Carruthers	Kahn	Nelson, C.	Rice	Wagenius
Clark	Kalis	Nelson, D.	Riveness	Waltman
Cooper	Kelly	Nelson, K.	Rodosovich	Welle
Dauner	Kelso	Neuenschwander	Rose	Wenzel
Dempsey	Kinkel	O'Connor	Rukavina	Winter
Dille	Kludt	Olsen, S.	Sarna	Wynia
Dorn	Knuth	Olson, E.	Scheid	Spk. Norton
Frerichs	Kostohryz	Olson, K.	Schreiber	
Greenfield	Krueger	Omann	Segal	
Gruenes	Larsen	Onnen	Shaver	

Those who voted in the negative were:

Clausnitzer	Himle	Osthoff	Schafer	Stanius
DeBlick	Hugoson	Pauly	Schoenfeld	Steensma
Fredrick	Knickerbocker	Poppenhagen	Seaberg	Thiede
Heap	Milbert	Richter	Sparby	Valento

The bill was passed, as amended, and its title agreed to.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

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

### MOTIONS AND RESOLUTIONS

Murphy moved that the name of Jefferson be added as an author on H. F. No. 1425. The motion prevailed.

Sarna moved that the following statement be printed in the Journal for today:

"When the vote was taken on final passage of H. F. No. 1145, as amended by the Senate, I inadvertently voted in the negative. If I had the opportunity to change my vote, I would have voted in the affirmative." The motion prevailed.

ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Monday, May 11, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Monday, May 11, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives





STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1987

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FORTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, SATURDAY, MAY 9, 1987

The Senate met on Saturday, May 9, 1987, which was the Forty-eighth Legislative Day of the Seventy-fifth Session of the Minnesota State Legislature. The House of Representatives did not meet on this date.



## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FORTY-NINTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 11, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Norman Aman, Pastor of St. Matthews Lutheran Church and Counselor of the Lake Superior Circuit of the Lutheran Church — Missouri Synod, Esko, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ferichs	Larsen	Orenstein	Segal
Anderson, R.	Greenfield	Lasley	Osthoff	Shaver
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steenasma
Bishop	Hugoson	McLaughlin	Poppenhagen	Svigum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jefferson	Milbert	Quinn	Thiede
Brown	Jennings	Miller	Quist	Tjornhom
Burger	Jensen	Minne	Redalen	Tompkins
Carlson, D.	Johnson, A.	Morrison	Reding	Trimble
Carlson, L.	Johnson, R.	Munger	Rest	Tunheim
Carruthers	Johnson, V.	Murphy	Rice	Uphus
Clark	Kahn	Nelson, C.	Richter	Valento
Clausnitzer	Kalis	Nelson, D.	Riveness	Vanasek
Cooper	Kelly	Nelson, K.	Rodosovich	Vellenga
Dauner	Kelso	Neuenschwander	Rose	Voss
DeBlick	Kinkel	O'Connor	Rukavina	Wagenius
Dempsey	Kludt	Ogren	Sarna	Waltman
Dille	Knickerbocker	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, K.	Schoenfeld	Wenzel
Forsythe	Kostohryz	Omann	Schreiber	Winter
Frederick	Krueger	Onnen	Seaberg	Wymia
				Spk. Norton

A quorum was present.

Jaros was excused.

Scheid was excused until 12:30 p.m. Olson, E., was excused until 5:40 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. Kelly moved that further reading of the Journals be dispensed

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

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 606, 523, 177, 1045, 1297, 1351, 1399, 1621, 1095, 794, 1183, 290, 1210, 1219, 169 and 163 and S. F. Nos. 865, 1369, 1056, 682, 51 and 735 have been placed in the members' files.

S. F. No. 865 and H. F. No. 915, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Trimble moved that the rules be so far suspended that S. F. No. 865 be substituted for H. F. No. 915 and that the House File be indefinitely postponed. The motion prevailed.

#### REPORTS OF STANDING COMMITTEES

Osthoff from the Committee on Metropolitan Affairs to which was referred:

H. F. No. 863, A bill for an act relating to waste control; appropriating money to reimburse Farmington for excess charges.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 913, A bill for an act relating to workers' compensation; providing a general administrative reform; providing for certain proceedings to be expedited; regulating the payment and amount of compensation; providing penalties; amending Minnesota Statutes 1986, sections 14.48; 175.007, subdivision 1; 175.101, subdivision 2; 176.011, subdivisions 2, 6, 7a, 9, 16, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 1, and by adding a subdivision; 176.081, subdivision 2; 176.101, subdivisions 1, 2, 5, and by adding a subdivision; 176.102, subdivisions 2, 3, 3a, 4, 6, 8, 10, and 13; 176.103, subdivisions 2 and 3; 176.111, subdivision 17;

176.132, subdivision 1; 176.133; 176.135, subdivisions 1, 1a, 2, 3, and by adding subdivisions; 176.136, subdivision 2; 176.1361; 176.139; 176.155, subdivisions 1, 3, and 5; 176.179; 176.185, by adding a subdivision; 176.191, subdivisions 1 and 2; 176.195, subdivision 3, 176.221, subdivisions 1, 3, and 7; 176.225, subdivisions 1 and 4; 176.231, subdivisions 2, 10, and by adding a subdivision; 176.271, subdivision 1; 176.275; 176.291; 176.301, subdivision 1; 176.305, subdivisions 1, 2, and by adding subdivisions; 176.306, subdivision 1, and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, subdivision 3, and by adding subdivisions; 176.351, subdivision 2a; 176.361, subdivisions 2, 5, and 7; 176.371; 176.411, subdivision 1; 176.421, subdivision 4, and by adding a subdivision; 176.442; 176.511, subdivisions 1, 2, and 3; 176.521; 176.541, subdivisions 2, 3, 4, and 6; 176.571, subdivisions 1 and 2; 176.572; 176.581; 176.591, subdivision 3; 176.603; 176.66, subdivision 1; 176.83, subdivisions 5, 7, and 11; 176.84; 176B.02; and 176B.05; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1986, sections 176.011, subdivisions 25 and 26; 176.012; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 3v; 176.102, subdivision 6a; 176.103, subdivision 4; 176.136, subdivision 4; 176.195, subdivisions 4, 5, and 6; 176.241; 176.242; 176.2421; 176.243; 176.244; 176.271, subdivision 2; 176.501; 176.571, subdivisions 3, 4, 5, 6, and 7; and 176.602.

Reported the same back with the following amendments:

Pages 8 and 9, delete section 8

Pages 9 to 11, delete section 10

Page 15, delete section 14

Page 16, delete section 15

Pages 16 to 22, delete section 16

Page 22, delete section 17

Page 25, line 17, delete "may" and reinstate "shall"

Page 25, line 23, delete "may" and reinstate "shall"

Page 25, line 30, delete "may" and reinstate "shall"

Page 27, lines 5 to 21, delete the new language and reinstate the stricken language

Page 27, line 6, after "commissioner" insert "or compensation judge"

Page 27, line 9, after "commissioner" insert "or compensation judge"

Page 27, line 11, after "commissioner" insert "or compensation judge"

Page 27, line 27, reinstate "(d) The commissioner may waive rehabilitation"

Page 27, line 27, after "commissioner" insert "or compensation judge"

Page 27, line 27, after the stricken "consultation" insert "services"

Page 27, lines 28 and 29, reinstate the stricken language

Page 27, line 28, after "commissioner" insert "or compensation judge"

Page 27, line 30, reinstate "rehabilitation"

Page 27, line 30, after the stricken "consultation" insert "services"

Page 27, line 30, reinstate "will not be useful in returning an"

Page 27, line 31, reinstate the stricken language

Page 36, delete section 31

Page 37, line 31, after "costs" insert "of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7."

Page 37, line 32, delete "or the health care provider"

Page 40, line 13, delete "as well as" and insert "Health care providers other than hospitals shall also submit"

Page 40, line 15, after "injury" insert ", provided, however, that hospitals must submit any copies of records or reports requested under subdivision 6"

Page 40, line 15, delete "No charge may be made" and insert "Health care providers may charge"

Page 40, line 17, after the period insert "Charges for copies provided under this subdivision shall not exceed \$15 for up to 15 pages, 50 cents per page for the next 35 pages and 25 cents per page for all pages thereafter."

Pages 84 and 85, delete section 104

Page 87, line 36, delete "176.011, subdivisions 25"

Page 88, line 1, delete "and 26;"

Page 88, line 1, delete everything after "176.101," and insert "subdivision"

Page 88, delete line 2

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, lines 4 and 5, delete "regulating the payment and amount of compensation;"

Page 1, line 8, delete "16,"

Page 1, line 9, delete "176.021, subdivision 3;"

Page 1, lines 11 and 12, delete "176.101, subdivisions 1, 2, 5, and by adding a subdivision;"

Page 1, line 14, delete "176.132, subdivision 1;"

Page 1, lines 33 and 34, delete "176.66, subdivision 1;"

Page 1, line 37, delete everything after "sections"

Page 1, line 38, delete everything after "176.101," and insert "subdivision"

Page 1, delete line 39

Page 1, line 40, delete "3t, 3u, and"



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.

Simoneau from the Committee on Governmental Operations to which was referred:

S. F. No. 314, A bill for an act relating to state investments; requiring the state board of investments to adopt an investment policy statement; authorizing state funds to be invested in certain securities; providing conditions of investment; amending Minnesota Statutes 1986, sections 11A.04; 11A.24, subdivisions 2, 3, 4, 5, and 6; and 11A.25.

Reported the same back with the following amendments:

Page 7, line 9, after the semicolon insert "and"

Page 7, line 10, delete "; and"

Page 7, line 11, delete everything before the period

Page 7, after line 27, insert:

"(c) In selecting among venture capital investment opportunities under clause (a)(1), the board should, to the extent consistent with the standard of care in section 11A.09, select those investments that have the potential to create jobs or otherwise enhance economic development in Minnesota."

Page 8, line 2, after the period insert "Section 6, clause (c), only applies to venture capital investments first made after the effective date of section 6."

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.

Simoneau from the Committee on Governmental Operations to which was referred:

S. F. No. 317, A bill for an act relating to retirement; police and salaried firefighters relief associations; authorizing the voluntary consolidation of local relief associations with the public employees

police and fire fund; authorizing the individual election of applicable benefit coverage upon consolidation; amending Minnesota Statutes 1986, sections 353.01, subdivisions 2b, 10, and 16; 353.271; 353.64, subdivision 1; and 353.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 353 and 356; proposing coding for new law as Minnesota Statutes, chapters 353A and 353B.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 1369, A bill for an act relating to traffic safety; speed limit; increasing the speed limit on rural interstate highways to 65 miles per hour; requiring all speeding violations to be recorded on drivers' records; repealing governor's authority to establish speed limits; amending Minnesota Statutes 1986, section 169.14, subdivision 2; repealing Minnesota Statutes 1986, sections 169.141; 169.99, subdivision 1b; and 171.12, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 169.14, subdivision 2, is amended to read:

Subd. 2. [SPEED LIMITS.] Where no special hazard exists the following speeds shall be lawful, but any speeds in excess of such limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that the speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful:

(1) 30 miles per hour in an urban district;

(2) 65 miles per hour in other locations during the daytime on interstate highways outside urbanized areas with a population of 50,000 or more, as determined by the commissioner, except as otherwise provided in section 7;

(3) 55 miles per hour in such other locations during the nighttime other than those specified in clauses (1), (2), and (4);

(4) ten miles per hour in alleys.

"Daytime" means from a half hour before sunrise to a half hour after sunset, except at any time when due to weather or other conditions there is not sufficient light to render clearly discernible persons and vehicles at a distance of 500 feet. "Nighttime" means at any other hour or at any time when due to weather or other conditions there is not sufficient light to render clearly discernible persons and vehicles at a distance of 500 feet.

Sec. 2. Minnesota Statutes 1986, section 169.141, subdivision 2, is amended to read:

Subd. 2. Upon a finding by the governor, after due consideration of available information and consultation with such federal and state officials as the governor deems appropriate, that it is necessary to reduce highway vehicular speeds because of a serious shortage of energy which exists or is imminent, the ~~commissioner of transportation~~, with the approval of the governor, shall, by order, designate the maximum allowable speed of vehicles using the highways of this state. The order shall be effective the day following the filing of a certified copy thereof in the office of the secretary of state, and shall remain in effect until rescinded by order of the ~~commissioner of transportation~~ governor. Any speed in excess of the designated maximum speed as contained in the order is unlawful, and the penalties provided in section 169.89 apply.

Sec. 3. Minnesota Statutes 1986, section 169.141, subdivision 3, is amended to read:

Subd. 3. The provisions of section 169.14 and the provisions of any other law authorizing highway vehicular speeds in excess of the maximum speed designated in the order of the ~~commissioner of transportation~~ governor provided for in subdivision 2 are inapplicable and of no effect during the period of time in which the order of the ~~commissioner of transportation~~ governor is in effect.

Sec. 4. Minnesota Statutes 1986, section 169.99, subdivision 1b, is amended 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 or 169.14, subdivision 2, clause (3), must specify whether the speed was greater than ten miles per hour in excess of the speed designated under in that section or clause.

Sec. 5. Minnesota Statutes 1986, section 171.12, subdivision 6, is amended 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 or 169.14, subdivision 2, clause (3), unless the violation consisted of a speed greater than ten miles per

hour in excess of the lawful speed designated under in that section or clause.

Sec. 6. [EXECUTIVE ORDERS NULLIFIED.]

Any order issued by the commissioner of transportation under Minnesota Statutes, section 169.141, designating the maximum speed of vehicles, which was in effect on June 1, 1987, is hereby declared to be of no effect.

Sec. 7. [APPLICATION.]

Section 1, subdivision 2, clause (2) does not apply to Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

Sec. 8. [REPEALER.]

Minnesota Statutes 1986, section 169.141, subdivision 1, is repealed."

Delete the title and insert:

"A bill for an act relating to highway traffic regulations; authorizing a 65 mile per hour speed limit on certain interstate highways; specifying speeding violations which are not recorded on permanent driving records; transferring from the commissioner of transportation to the governor authority to designate an emergency speed limit; amending Minnesota Statutes 1986, sections 169.14, subdivision 2; 169.141, subdivisions 2 and 3; 169.99, subdivision 1b; and 171.12, subdivision 6; repealing Minnesota Statutes 1986, section 169.141, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF SENATE BILLS

S. F. Nos. 865 and 1369 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Murphy introduced:

H. F. No. 1659, A bill for an act relating to constables; authorizing town boards to form law enforcement agencies; abolishing the office

of constable; authorizing the board of peace officer standards and training to issue peace officer licenses to persons possessing constable licenses; transferring responsibilities imposed by law upon constables to peace officers; amending Minnesota Statutes 1986, sections 38.01; 88.10, subdivision 2; 88.18; 97A.205; 115.32, subdivision 3; 123.352, subdivision 3; 136C.08, subdivision 4; 169.123, subdivision 1; 169.965, subdivisions 4 and 5; 169.966, subdivisions 4 and 5; 169.98, subdivision 1; 176.011, subdivision 9; 192.68, subdivision 1; 192.85; 260.133, subdivision 3; 277.11; 299C.03; 299C.06; 299D.03, subdivision 1; 306.13; 315.43; 317.66, subdivision 4; 325E.21, subdivision 1; 326.337, subdivision 1; 327.76, subdivision 3; 329.07; 329.14; 330.06; 332.37; 343.29, subdivision 1; 345.04; 345.05; 345.14; 346.05; 346.14; 346.17; 346.18; 347.06; 347.14, subdivisions 1 and 2; 349.33; 357.12; 359.11; 367.11; 367.40, by adding a subdivision; 367.42, subdivision 1, and by adding a subdivision; 375.24; 382.27; 383C.645; 383C.673; 395.23; 398.13; 398.35, subdivision 2; 412.101; 412.861, subdivision 1; 473.608, subdivision 17; 514.22; 514.58; 518B.01, subdivision 6; 541.06; 561.07; 566.06; 566.16; 566.175, subdivision 1; 617.27; 624.24; 624.62; 626.05, subdivision 2; 626.84, subdivision 1; 626.848; 626.86; 626.861, subdivision 4; 626.88, subdivisions 1 and 2; 629.34, subdivision 1; and 631.04; proposing coding for new law in Minnesota Statutes, chapter 367; repealing Minnesota Statutes 1986, sections 367.03, subdivision 3; 367.40, subdivision 3; 367.41; 367.42, subdivision 2; 626.843, subdivision 1a; and 626.845, subdivision 2.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Solberg and Bishop introduced:

H. F. No. 1660, A bill for an act relating to local government; providing for the effect of changes in planning and zoning regulations on residential lots; amending Minnesota Statutes 1986, section 462.358, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Murphy introduced:

H. F. No. 1661, A bill for an act relating to constables; authorizing town boards to form law enforcement agencies and to appoint law enforcement officers; providing that after August 1, 1987, constable licenses will not be issued; amending Minnesota Statutes 1986, sections 367.40, by adding a subdivision; 367.42, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 367; repealing Minnesota Statutes 1986, sections

367.03, subdivision 3; 367.40, subdivision 4; 367.41; and 367.42, subdivision 2.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Welle and Dille introduced:

H. F. No. 1662, A bill for an act relating to taxation; income; defining income relating to a farm for purposes of allocation of income; amending Minnesota Statutes 1986, section 290.17, subdivision 2.

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

Munger, Rukavina, Trimble, Kahn and Rose introduced:

H. F. No. 1663, A bill for an act relating to state government; designating the timber wolf as the official state animal; proposing coding for new law in Minnesota Statutes, chapter 1.

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

Johnson, R.; Solberg; Carlson, D., and Neuenschwander introduced:

H. F. No. 1664, A bill for an act relating to food labeling; requiring the labeling of wild rice; amending Minnesota Statutes 1986, section 84.152, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapter 30; repealing Minnesota Statutes 1986, section 30.49.

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

### 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. 357, A bill for an act relating to the city of Saint Paul; permitting the city to adopt certain regulations for smoke detection devices; amending Minnesota Statutes 1986, section 299F.362, by adding a subdivision.

H. F. No. 653, A bill for an act relating to wild animals; use of lights in taking or in tending traps; length of otter season; setting traps near water; amending Minnesota Statutes 1986, sections 97B.081; 97B.921; 97B.931; and 97B.945.

H. F. No. 924, A bill for an act relating to corrections; removing the Minnesota correctional industries from state competitive bidding requirements; amending Minnesota Statutes 1986, section 241.27, subdivision 2.

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. 569, A bill for an act relating to natural resources; authorizing acceptance of tips by food service and room cleaning employees at Itasca state park; authorizing additions to and deletions from certain state parks and waysides; abolishing Old Crossing Treaty State Wayside and Rice Lake State Wayside; authorizing sale and consumption of wine by the drink at Douglas Lodge in Itasca state park; amending Minnesota Statutes 1986, sections 43A.38, subdivision 2; and 85.012, subdivision 57; proposing coding for new law in Minnesota Statutes, chapter 85; repealing Minnesota Statutes 1986, sections 85.013, subdivisions 19 and 21a; and 138.55, subdivision 6.

H. F. No. 867, A bill for an act relating to local improvements; authorizing the levy of special assessments for highway sound barriers; amending Minnesota Statutes 1986, sections 429.011, by adding a subdivision; and 429.021, subdivision 1.

H. F. No. 1524, A bill for an act relating to human services; setting forth appeal procedure for recipients of case management services; amending Minnesota Statutes 1986, sections 256.045, subdivisions 1, 3, 4, 5, 6, 7, and 10, and by adding a subdivision; repealing Minnesota Statutes 1986, section 256.045, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 1029, A bill for an act relating to property transfers; expanding the manner for creating custodial property under the uniform transfers to minors act; amending Minnesota Statutes 1986, section 527.29.

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. 940, A bill for an act relating to retirement; various employee pension plans; specifying that exemptions from legal process do not include marital property divisions; requiring the provision of certain pension plan information in marriage dissolution actions; providing for court appointed actuaries in marriage dissolution actions; authorizing conversion of a certain joint and survivor annuity; amending Minnesota Statutes 1986, sections 69.51; 352.15, subdivision 1; 352.96, by adding a subdivision; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 424.27; 518.54, subdivision 5, and by adding subdivisions; and 518.58; proposing coding for new law in Minnesota Statutes, chapters 356 and 518.

H. F. No. 1416, A bill for an act relating to the city of Minneapolis; providing for the appointment of the director of the office of emergency preparedness; amending Laws 1969, chapter 937, section 1, by adding a subdivision.

H. F. No. 1444, A bill for an act relating to towns; providing procedures for their organization and dissolution; amending Minnesota Statutes 1986, sections 365.45; 368.47; and 379.01.

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. 283, A bill for an act relating to elections; requiring confidentiality of certain matters before the ethical practices board; raising certain campaign contribution disclosure limits; changing



the method of calculating certain campaign expenditure limits; amending Minnesota Statutes 1986, sections 10A.02, subdivision 11; 10A.12, subdivision 5; 10A.20, subdivisions 3 and 5; 10A.25, subdivisions 2 and 7; 10A.255; and Laws 1980, chapter 362, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 210A.

The Senate has appointed as such committee:

Messrs. Frank, Luther and Dahl.

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. 1315, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; providing for a study of the Minnesota veterans' home; providing for information systems management; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; amending Minnesota Statutes 1986, sections 2.722, subdivision 1; 3.099, subdivision 3; 3.30, subdivision 2; 3.85, subdivision 12; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.07, subdivisions 1 and 2; 14.08; 14.47, subdivision 8; 15.01; 15.06, subdivision 1; 15A.081, subdivision 1; 16A.127, subdivision 8; 16A.85, by adding a subdivision; 16B.20, subdivision 2; 16B.41; 16B.42, subdivision 4; 69.021, subdivision 5; 84.01, subdivision 3; 84.0272; 84.091, subdivision 3; 84.83, subdivision 3; 85.30; 85.41; 85.42; 85.43; 85.45; 85A.04, subdivision 1; 88.065; 88.17, subdivision 2; 88.75, subdivision 1; 88.76; 88.79, subdivision 2; 89.04; 92.46, subdivision 1; 92.67, subdivisions 1, 4, and by adding a subdivision; 93.335, subdivision 4; 97A.061, subdivision 1; 97A.065, subdivision 2; 97A.105, subdivision 1; 97A.415, subdivision 1; 97A.445, subdivision 1; 97A.451, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20; 97A.485, subdivision 6; 97C.211, by adding a subdivision; 115A.15, subdivision 6; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.49; 115A.51; 115A.52; 115A.53; 115A.917; 116.41, subdivision 2; 116J.615, by adding a subdivision; 116M.06, subdivisions 2 and 4; 116M.11, subdivision 2; 161.1419, subdivision 4; 175A.07, subdivi-

sion 2; 176.611, subdivisions 2, 6a, and by adding a subdivision; 179A.03, subdivision 17; 179A.04, subdivision 3; 179A.13; 179A.16; 179A.21; 179A.25; 197.481, subdivision 5; 204B.11, subdivision 1; 221.67; 271.01, by adding a subdivision; 273.1314, subdivision 16a; 296.16, subdivision 1; 296.421, subdivision 5; 302A.011, subdivision 11; 302A.153; 303.13, subdivision 1; 303.21, subdivision 3; 317.67, subdivision 2; 322A.16; 322A.71; 330.11, subdivision 3; 333.055, subdivision 3; 363.05, subdivision 1; 363.071, subdivision 2; 363.14, subdivision 1; 403.11, subdivision 1; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.351, by adding a subdivision; 480.241; 480A.08, subdivision 3; 540.152; 543.08; 609.101; 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 43A; 84; 86; 88; 89; 93; 97A; 97C; 115A; 480; 481; repealing Minnesota Statutes 1986, sections 3.9226, subdivision 8; 3C.035, subdivision 2; 3C.055; 3C.056; 3C.057; 6.495, subdivision 2; 92.67, subdivision 6; 116J.87; 179A.03, subdivision 3; 179A.05; 296.421, subdivision 5a; 363.01, subdivisions 14 and 26; 363.04, subdivisions 1, 2, 9, and 10; 363.12, subdivision 3; 363.121; 473.351, subdivision 5.

The Senate has appointed as such committee:

Messrs. Kroening; Luther; Merriam; Moe, D. M., and Frederickson, D. R.

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. 432, A bill for an act relating to education; modifying certain provisions of the compulsory attendance laws; establishing new compulsory attendance requirements; amending Minnesota Statutes 1986, sections 121.11, subdivision 7; 123.935, subdivision 7; 127.19; and 127.20; proposing coding for new law in Minnesota Statutes, chapter 120; repealing Minnesota Statutes 1986, sections 120.10, subdivisions 1, 2, 2a, and 2b; and 120.12.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

McEachern moved that the House concur in the Senate amendments to H. F. No. 432 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 432, A bill for an act relating to education; modifying certain provisions of the compulsory attendance laws; establishing new compulsory attendance requirements; amending Minnesota Statutes 1986, sections 121.11, subdivision 7; 123.935, subdivision 7; 127.19; and 127.20; proposing coding for new law in Minnesota Statutes, chapter 120; repealing Minnesota Statutes 1986, sections 120.10, subdivisions 1, 2, 2a, and 2b; and 120.12.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 106 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Otis	Segal
Battaglia	Gutknecht	Long	Ozment	Shaver
Bauerly	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Sviggum
Bishop	Hugoson	McLaughlin	Poppenhagen	Swenson
Blatz	Jennings	McPherson	Quinn	Thiede
Boo	Jensen	Miller	Quist	Tjornhom
Brown	Johnson, A.	Minne	Redalen	Tompkins
Burger	Johnson, R.	Morrison	Reding	Trimble
Carlson, D.	Johnson, V.	Murphy	Rest	Tunheim
Carlson, L.	Kahn	Nelson, C.	Rice	Uphus
Clausnitzer	Kalis	Nelson, K.	Richter	Valento
Dauner	Kelly	Neuenschwander	Riveness	Vanasek
DeBlieck	Kelso	Ogren	Rodosovich	Vellenga
Dempsey	Kinkel	Olsen, S.	Rose	Wagenius
Dille	Knickerbocker	Olson, K.	Rukavina	Waltman
Forsythe	Kostohryz	Omann	Schafer	Wenzel
Frederick	Krueger	Onnen	Schreiber	Winter
Frerichs	Lasley	Orenstein	Seaberg	Wynia
				Spk. Norton

Those who voted in the negative were:

Anderson, R.	Cooper	Larsen	Osthoff	Skoglund
Beard	Greenfield	Munger	Price	Voss
Carruthers	Jefferson	Nelson, D.	Sarna	
Clark	Kludt	O'Connor	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 commerce; regulating the advertisement of interest rates of investment products; proposing coding for new law in Minnesota Statutes, chapter 45.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bertram 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 commerce; regulating the advertisement of interest rates of investment products; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 45.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Larsen	Orenstein	Segal
Anderson, R.	Frerichs	Lasley	Osthoff	Shaver
Battaglia	Greenfield	Lieder	Otis	Simoneau
Bauerly	Gruenes	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Sviggum
Bishop	Hugoson	McLaughlin	Poppenhagen	Swenson
Blatz	Jacobs	McPherson	Price	Thiede
Boo	Jefferson	Milbert	Quinn	Tjornhom
Brown	Jennings	Miller	Quist	Tompkins
Burger	Jensen	Minne	Redalen	Trimble
Carlson, D.	Johnson, A.	Morrison	Reding	Tunheim
Carlson, L.	Johnson, R.	Munger	Rest	Uphus
Carruthers	Johnson, V.	Murphy	Rice	Valento
Clark	Kahn	Nelson, C.	Richter	Vanasek
Clausnitzer	Kalis	Nelson, K.	Riveness	Vellenga
Cooper	Kelly	Neuenschwander	Rodosovich	Voss
Dauner	Kinkel	O'Connor	Rose	Wagenius
DeBlicck	Khudt	Ogren	Rukavina	Waltman
Dempsey	Knickerbocker	Olsen, S.	Sarna	Welle
Dille	Knuth	Olson, K.	Schafer	Wenzel
Dorn	Kostohryz	Omana	Schreiber	Winter
Forsythe	Krueger	Ohnen	Seaberg	Wynia
				Spk. Norton

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. 285, A bill for an act relating to liquor laws; eliminating vicarious criminal liability for the employer of an individual who violates a liquor law; reenacting certain amendments to the dram shop act; providing for liability of professional review organizations; amending Minnesota Statutes 1986, sections 145.63; 340A.501; and 340A.801, subdivision 1; repealing Minnesota Statutes 1986, section 340A.801, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Orenstein moved that the House concur in the Senate amendments to H. F. No. 285 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 285, A bill for an act relating to liquor laws; eliminating vicarious criminal liability for the employer of an individual who violates a liquor law; reenacting certain amendments to the dram shop act; providing for liability of professional review organizations; amending Minnesota Statutes 1986, sections 145.63; 340A.501; and 340A.801, subdivision 1; repealing Minnesota Statutes 1986, section 340A.801, subdivision 5.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carruthers	Hartle	Kelso	McLaughlin
Anderson, R.	Clark	Haukoos	Kinkel	McPherson
Battaglia	Clausnitzer	Heap	Kludt	Milbert
Bauerly	Cooper	Himle	Knickerbocker	Miller
Beard	Dauner	Hugoson	Knuth	Minne
Begich	DeBlieck	Jacobs	Kostohryz	Morrison
Bennett	Dempsey	Jefferson	Krueger	Munger
Bertram	Dille	Jennings	Larsen	Murphy
Bishop	Dorn	Jensen	Lasley	Nelson, C.
Blatz	Forsythe	Johnson, A.	Lieder	Nelson, D.
Boo	Frederick	Johnson, R.	Long	Nelson, K.
Brown	Frerichs	Johnson, V.	Marsh	Neuenschwander
Burger	Greenfield	Kahn	McDonald	O'Connor
Carlson, D.	Gruenes	Kalis	McEachern	Ogren
Carlson, L.	Gutknecht	Kelly	McKasy	Olsen, S.

Olson, K.	Poppenhagen	Rose	Solberg	Valento
Omann	Price	Rukavina	Sparby	Vanasek
Onnen	Quinn	Sarna	Stanisus	Vellenga
Orenstein	Quist	Schafer	Sviggum	Voss
Osthoff	Redalen	Schoenfeld	Swenson	Wagenius
Otis	Reding	Schreiber	Thiede	Waltman
Ozment	Rest	Seaberg	Tjornhom	Welle
Pappas	Rice	Segal	Tompkins	Wenzel
Pauly	Richter	Shaver	Trimble	Winter
Pelowski	Riveness	Simoneau	Tunheim	Wynia
Peterson	Rodosovich	Skoglund	Uphus	Spk. Norton

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 Senate File No. 378:

S. F. No. 378, A bill for an act relating to utilities; requiring owners of electric power lines to trim vegetation around lines; providing that failure to trim vegetation is a nuisance; proposing coding for new law in Minnesota Statutes, chapter 561.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Merriam and Dicklich and Ms. Olson.

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

Jacobs 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. 378. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 785:

S. F. No. 785, A bill for an act relating to crimes; eliminating consent defense to charge of depriving another of parental rights; allowing filing of felony charges before 14 days have elapsed; increasing penalty for depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2, 5, and 6.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Ms. Peterson, D. C.; Messrs. Pogemiller and Belanger.

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

Segal 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. 785. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1323:

S. F. No. 1323, A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1986, sections 169.123, subdivision 7; 325B.15; 487.01, subdivisions 2, 3, and 4; 487.21, subdivision 4; 487.23, subdivisions 1, 2, and 3; 487.25, subdivisions 1 and 2; 487.33, subdivision 1; 488A.01, subdivision 14; 488A.18, subdivision 14; 501.35; and 525.712; repealing Minnesota Statutes 1986, sections 466.03, subdivision 2; 487.39; and 595.04.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Marty, Jude and Belanger.

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. 1323. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 634, 677 and 462.

PATRICK E. FLAHAVER, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 634, A bill for an act relating to motor vehicles; permitting seven characters on personalized license plates; amending Minnesota Statutes 1986, section 168.12, subdivision 2a.

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

S. F. No. 677, A bill for an act relating to public utilities; providing for the reduced regulation of certain competitive telephone services, with limitations and procedures; requiring persons providing private shared tenant service to grant certain access; requiring a study and report on universal service assistance; amending Minnesota Statutes 1986, sections 237.01, subdivision 3; 237.081, subdivision 1a; 237.11; 237.12; 237.16, subdivision 1; 237.17; and 237.22; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1986, sections 237.13; 237.41; 237.42; and 237.43.

The bill was read for the first time.

Jacobs moved that S. F. No. 677 and H. F. No. 701, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 462, A bill for an act relating to marriage dissolution; providing a date for valuing marital assets; providing for partial distribution of marital assets; requiring parties to file a statement of assets and liabilities; providing that parties owe each other a fiduciary duty with respect to marital assets; amending Minnesota Statutes 1986, sections 518.54, subdivision 5; and 518.58.

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



Vanasek 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.

Anderson, R., was excused while in conference.

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately preceding Special Orders pending for today, Monday, May 11, 1987:

H. F. Nos. 1542, 715 and 14; S. F. No. 641; H. F. No. 1621; S. F. No. 1048; H. F. Nos. 236 and 701.

#### SPECIAL ORDERS

H. F. No. 1542, A bill for an act relating to unemployment compensation; making various technical and housekeeping changes; defining "wages"; regulating benefits and contributions; providing for the administration of the unemployment compensation law; providing penalties; amending Minnesota Statutes 1986, sections 268.04, subdivisions 9, 12, 24, 25, 26, 29, and by adding subdivisions; 268.06, subdivisions 2, 3a, 5, 6, 8, 19, 20, 22, and 24; 268.07, subdivision 3; 268.08, subdivisions 3, 3a, and by adding a subdivision; 268.09, subdivisions 1 and 3; 268.12, subdivision 8; 268.121; 268.15, subdivision 3; 268.16, subdivision 2, and by adding subdivisions; 268.161, subdivisions 1, 8, 9, and by adding a subdivision; 268.18, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 268.65, subdivision 5; 270A.09, by adding a subdivision; and 508.25; proposing coding for new law in Minnesota Statutes, chapter 268; and repealing Minnesota Statutes 1986, section 268.24.

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 1 nay as follows:

## Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Ozment	Solberg
Battaglia	Hartle	Marsh	Pappas	Sparby
Bauerly	Haukoos	McDonald	Pauly	Stanius
Beard	Heap	McEachern	Pelowski	Steensma
Begich	Himle	McKasy	Peterson	Sviggum
Bennett	Hugoson	McLaughlin	Poppenhagen	Swenson
Bertram	Jacobs	McPherson	Price	Thiede
Bishop	Jefferson	Milbert	Quinn	Tjornhom
Blatz	Jennings	Miller	Quist	Tompkins
Boo	Jensen	Minne	Redalen	Trimble
Brown	Johnson, A.	Morrison	Reding	Tunheim
Burger	Johnson, R.	Munger	Rice	Uphus
Carlson, D.	Johnson, V.	Murphy	Richter	Valento
Carlson, L.	Kahn	Nelson, C.	Rivenness	Vanasek
Carruthers	Kalis	Nelson, D.	Rodosovich	Vellenga
Clark	Kelly	Nelson, K.	Rose	Voss
Clausnitzer	Kelso	Neuenschwander	Rukavina	Waltman
Cooper	Kinkel	O'Connor	Sarna	Welle
Dauner	Kludt	Ogren	Schafer	Wenzel
DeBlicek	Knickerbocker	Olsen, S.	Schoenfeld	Winter
Dille	Knuth	Olson, K.	Schreiber	Wynia
Dorn	Kostohryz	Omam	Seaberg	Spk. Norton
Forsythe	Krueger	Onnen	Segal	
Frederick	Larsen	Orenstein	Shaver	
Frerichs	Lasley	Osthoff	Simoneau	
Greenfield	Lieder	Otis	Skoglund	

## Those who voted in the negative were:

Gutknecht

The bill was passed and its title agreed to.

H. F. No. 715 was reported to the House.

Rivenness moved to amend H. F. No. 715, the first engrossment, as follows:

Page 24, lines 27 to 36, delete everything after "268.24"

Page 25, delete lines 1 to 8

Page 25, line 9, delete everything before "Whenever"

The motion prevailed and the amendment was adopted.

Welle moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 7, line 16, delete "\$250,000,000" and insert "\$150,000,000"Page 7, line 18, delete "\$250,000,000" and insert "\$150,000,000"

Page 7, line 19, delete "\$260,000,000" and insert "\$160,000,000"

Page 7, line 20, delete "\$260,000,000" and insert "\$160,000,000"

Page 7, line 21, delete "\$270,000,000" and insert "\$170,000,000"

Page 7, line 22, delete "\$270,000,000" and insert "\$170,000,000"

Page 7, line 23, delete "\$280,000,000" and insert "\$180,000,000"

Page 7, line 24, delete "\$280,000,000" and insert "\$180,000,000"

Page 7, line 25, delete "\$290,000,000" and insert "\$190,000,000"

Page 7, line 26, delete "\$290,000,000" and insert "\$190,000,000"

Page 7, line 27, delete "\$300,000,000" and insert "\$200,000,000"

Page 7, line 28, delete "\$300,000,000" and insert "\$200,000,000"

Page 7, line 29, delete "\$310,000,000" and insert "\$210,000,000"

Page 7, line 30, delete "\$310,000,000" and insert "\$210,000,000"

Page 7, line 30, reinstate ", provided that no"

Page 7, line 31, reinstate the stricken language

Page 7, line 34, delete ".25" and insert ".3"

Page 7, line 35, after "1988," insert "and .4 percent less than the minimum rate under paragraph (b) for 1989"

Page 8, delete lines 1 to 5

Page 8, line 6, delete "(e)" and insert "(d)"

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

On the motion of Vanasek and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Bennett	Brown	Carruthers	Dauner
Battaglia	Bertram	Burger	Clark	DeBlieck
Beard	Blatz	Carlson, D.	Clausnitzer	Dempsey
Begich	Boo	Carlson, L.	Cooper	Dille

Dorn	Kludt	Murphy	Quinn	Solberg
Forsythe	Knickerbocker	Nelson, C.	Quist	Sparby
Frederick	Knuth	Nelson, K.	Redalen	Stanius
Frerichs	Kostohryz	Neuenschwander	Reding	Steensma
Gruenes	Krueger	O'Connor	Rest	Sviggunn
Gutknecht	Larsen	Ogren	Rice	Swenson
Hartle	Lasley	Olsen, S.	Richter	Thiede
Haukoos	Lieder	Olson, K.	Riveness	Tjornhom
Heap	Long	Omann	Rose	Tompkins
Himle	Marsh	Onnen	Rukavina	Tunheim
Hugoson	McDonald	Orenstein	Sarna	Uphus
Jennings	McEachern	Osthoff	Schafer	Valento
Jensen	McKasy	Otis	Scheid	Vanasek
Johnson, A.	McLaughlin	Ozment	Schoenfeld	Vellenga
Johnson, R.	McPherson	Pappas	Schreiber	Wagenius
Johnson, V.	Milbert	Pauly	Seaberg	Waltman
Kalis	Miller	Pelowski	Segal	Welle
Kelly	Minne	Peterson	Shaver	Wenzel
Kelso	Morrison	Poppenhagen	Simoneau	Winter
Kinkel	Munger	Price	Skoglund	Spk. Norton

Vanasek 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 Welle amendment and the roll was called.

Otis moved that those not voting be excused from voting. The motion prevailed.

There were 56 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jensen	Lasley	Orenstein	Steensma
Bauerly	Johnson, A.	Lieder	Pelowski	Tunheim
Bertram	Johnson, R.	McEachern	Peterson	Uphus
Brown	Johnson, V.	Milbert	Poppenhagen	Vanasek
Cooper	Kalis	Nelson, C.	Redalen	Vellenga
Dauner	Kelso	Nelson, D.	Reding	Waltman
DeBlicke	Kinkel	Nelson, K.	Rest	Welle
Dille	Kludt	Neuenschwander	Rodosovich	Winter
Dorn	Knickerbocker	Olsen, S.	Schoenfeld	
Gruenes	Knuth	Olson, K.	Segal	
Hugoson	Krueger	Omann	Simoneau	
Jennings	Larsen	Onnen	Sparby	

Those who voted in the negative were:

Anderson, R.	Carruthers	Heap	McPherson	Pappas
Battaglia	Clark	Himle	Miller	Pauly
Beard	Clausnitzer	Jacobs	Minne	Price
Begich	Dempsey	Jefferson	Morrison	Quinn
Bennett	Forsythe	Kahn	Munger	Quist
Bishop	Frederick	Kelly	Murphy	Rice
Blatz	Frerichs	Kostohryz	O'Connor	Richter
Boo	Greenfield	Marsh	Ogren	Riveness
Burger	Gutknecht	McDonald	Osthoff	Rose
Carlson, D.	Hartle	McKasy	Otis	Rukavina
Carlson, L.	Haukoos	McLaughlin	Ozment	Sarna

Schafer  
Scheid  
Schreiber  
Seaberg

Shaver  
Skoglund  
Solberg  
Stanius

Swiggum  
Swenson  
Thiede  
Tjornhom

Tompkins  
Trimble  
Valento  
Voss

Wagenius  
Wenzel  
Spk. Norton

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

Krueger moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 8, line 22, delete "\$50,000,000 on April 1" and insert "\$100,000,000 on June 30"

Page 16, lines 31 to 35, strike everything after "268.24."

Page 16, line 36, strike "employment."

Page 17, after line 3, insert:

"Sec. 16. Minnesota Statutes 1986, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clause (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 the individual's separation and the individual has earned four eight times the individual's weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued 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 conduct 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 work or for misconduct which interferes with and adversely affects 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 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 personal, serious illness provided that such individual has made reasonable efforts to retain employment;

An individual who is separated from employment due to the individual's illness of chemical dependency which has been professionally diagnosed or for which the individual has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment the individual knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain employment.

(c) The individual accepts work from a base period employer which involves a change in 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 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 of reaching mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by the employer because the individual 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 the individual receives the individual's normal wage or salary which is equal to or greater than the 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 work or gross misconduct which interferes with and adversely affects the individual's 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 the individual was discharged for gross misconduct connected with 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 the individual's 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 was not accepted or whose offer of re-employment was refused solely due to the distance of the available work from the individual's residence, the individual's own serious illness or the individual's 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 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 the individual's own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 17. Minnesota Statutes 1986, 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 the refusal or failure and the individual has earned ~~four~~ eight times the individual's weekly benefit amount in insured work if the commissioner finds that the individual has failed, without good cause, either to apply for available, suitable work of which advised by the employment office, or the commissioner or to accept suitable work when offered, or to return to 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 the 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 health, safety, and morals, physical fitness and prior training, experience, length of unemployment and prospects of securing local work in the individual's customary occupation, and the distance of the available work from the individual's 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."

Renumber the sections accordingly and correct internal cross-references

Amend the title as follows:

Page 1, line 9, before "268.10" insert "268.09, subdivisions 1 and 2,"

A roll call was requested and properly seconded.

The question was taken on the Krueger amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 89 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Knickerbocker	Olson, K.	Shaver
Anderson, R.	Frederick	Knuth	Omann	Sparby
Bauerly	Frerichs	Krueger	Onnen	Stanius
Bennett	Gruenes	Larsen	Orenstein	Steensma
Bertram	Gutknecht	Lasley	Ozment	Sviggum
Bishop	Hartle	Lieder	Pauly	Swenson
Blatz	Haukoos	Marsh	Pelowski	Thiede
Boo	Heap	McDonald	Peterson	Tjornhom
Brown	Himle	McEachern	Poppenhagen	Tompkins
Burger	Hugoson	McKasy	Quist	Tunheim
Carlson, D.	Jennings	McPherson	Redalen	Uphus
Clausnitzer	Jensen	Milbert	Reding	Valento
Cooper	Johnson, R.	Miller	Richter	Vellenga
Dauner	Johnson, V.	Morrison	Rodosovich	Waltman
DeBlieck	Kalis	Nelson, C.	Schafer	Welle
Dempsey	Kelso	Nelson, D.	Schoenfeld	Wenzel
Dille	Kinkel	Neuenschwander	Schreiber	Winter
Dorn	Kludt	Olsen, S.	Seaberg	

Those who voted in the negative were:

Battaglia	Johnson, A.	Nelson, K.	Rice	Trimble
Beard	Kahn	O'Connor	Riveness	Vanasek
Begich	Kelly	Ogren	Rose	Voss
Carlson, L.	Kostohryz	Osthoff	Rukavina	Wagenius
Carruthers	Long	Otis	Sarna	Wymia
Clark	McLaughlin	Pappas	Segal	Spk. Norton
Greenfield	Minne	Price	Simoneau	
Jacobs	Munger	Quinn	Skoglund	
Jefferson	Murphy	Rest	Solberg	

The motion prevailed and the amendment was adopted.

Welle moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 9, line 14, delete "1.25; and" and insert "1.4;"

Page 9, line 15, delete "1,000." and insert "300 times the state adult hourly minimum wage; and"

Page 9, after line 15, insert:

"(4) earned wage credits in 18 different weeks during the base period."

A roll call was requested and properly seconded.

Sviggum moved to amend the Welle amendment to H. F. No. 715, the first engrossment, as amended, as follows:

In the amendment, page 1, line 3, delete "1.4" and insert "1.5"

Page 1, line 7, delete "18" and insert "19"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Bennett	Frederick	Kalis	Onnen	Shaver
Bertram	Frerichs	Kludt	Ozment	Stanius
Bishop	Gruenes	Knickerbocker	Pauly	Steensma
Blatz	Gutknecht	Marsh	Poppenhagen	Sviggum
Boo	Hartle	McDonald	Quist	Swenson
Brown	Haukoos	McKasy	Redalen	Thiede
Burger	Heap	McPherson	Richter	Tjornhom
Carlson, D.	Himle	Miller	Rose	Tompkins
Clausnitzer	Hugoson	Morrison	Schafer	Uphus
Dempsey	Jennings	Olsen, S.	Schoenfeld	Valento
Dille	Johnson, V.	Olson, K.	Schreiber	Waltman
Forsythe	Kahn	Omann	Seaberg	Winter

Those who voted in the negative were:

Anderson, G.	Begich	Dauner	Jefferson	Kelso
Anderson, R.	Carlson, L.	DeBlieck	Jensen	Kinkel
Battaglia	Carruthers	Dorn	Johnson, A.	Knuth
Bauerly	Clark	Greenfield	Johnson, R.	Kostohryz
Beard	Cooper	Jacobs	Kelly	Krueger

Larsen	Murphy	Otis	Rodosovich	Trimble
Lasley	Nelson, C.	Pelowski	Rukavina	Tunheim
Lieder	Nelson, D.	Peterson	Sarna	Vanasek
Long	Nelson, K.	Price	Scheid	Vellenga
McEachern	Neuenschwander	Quinn	Segal	Voss
McLaughlin	O'Connor	Reding	Simoneau	Wagenius
Milbert	Ogren	Rest	Skoglund	Welle
Minne	Orenstein	Rice	Solberg	Wenzel
Munger	Osthoff	Riveness	Sparby	Spk. Norton

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

The question recurred on the Welle amendment and the roll was called.

Vanasek 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.	Frederick	Larsen	Orenstein	Steensma
Anderson, R.	Gruenes	Lasley	Ozment	Sviggum
Bauerly	Hartle	Lieder	Pelowski	Swenson
Bennett	Jennings	McEachern	Peterson	Tjornhom
Bertram	Jensen	McPherson	Poppenhagen	Tompkins
Bishop	Johnson, R.	Morrison	Redalen	Tunheim
Brown	Johnson, V.	Nelson, C.	Reding	Uphus
Carlson, D.	Kalis	Nelson, D.	Richter	Vanasek
Cooper	Kelso	Nelson, K.	Rodosovich	Vellenga
Dauner	Kinkel	Neuenschwander	Schafer	Waltman
DeBlick	Kludt	Olsen, S.	Schoenfeld	Welle
Dille	Knuth	Omann	Sparby	Winter
Dorn	Krueger	Onnen	Stanisus	

Those who voted in the negative were:

Battaglia	Gutknecht	McDonald	Pauly	Shaver
Beard	Haukoos	McKasy	Price	Simoneau
Begich	Heap	McLaughlin	Quinn	Skoglund
Blatz	Himle	Milbert	Quist	Solberg
Boo	Hugoson	Miller	Rest	Thiede
Burger	Jacobs	Minne	Rice	Trimble
Carlson, L.	Jefferson	Munger	Riveness	Valento
Carruthers	Johnson, A.	Murphy	Rose	Voss
Clark	Kahn	O'Connor	Rukavina	Wagenius
Clausnitzer	Kelly	Ogren	Sarna	Wenzel
Dempsey	Knickerbocker	Olson, K.	Scheid	Spk. Norton
Forsythe	Kostohryz	Osthoff	Schreiber	
Frerichs	Long	Otis	Seaberg	
Greenfield	Marsh	Pappas	Segal	

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

Krueger moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 9, line 24, strike "66 $\frac{2}{3}$ " and insert "60"

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

Sviggum moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 4, lines 10 to 23, delete section 7.

Page 7, delete lines 34 to 36 and insert "six-tenths of one percent for 1988, four-tenths of one percent for 1989, and two-tenths of one percent for 1990 and for each year thereafter."

Renumber the sections accordingly

Amend the title as follows:

Page 1, line 7, delete "2."

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 60 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Johnson, V.	Omann	Seaberg
Bennett	Forsythe	Kalis	Onnen	Stanius
Bertram	Frederick	Kinkel	Ozment	Steensma
Bishop	Frerichs	Knickerbocker	Pauly	Sviggum
Blatz	Gruenes	Marsh	Poppenhagen	Swenson
Boo	Gutknecht	McDonald	Quist	Thiede
Brown	Hartle	McKasy	Redalen	Tjornhom
Burger	Haukoos	McPherson	Richter	Tompkins
Carlson, D.	Heap	Miller	Rose	Uphus
Clausnitzer	Himle	Morrison	Schafer	Valento
Dauner	Hugoson	Nelson, C.	Schoenfeld	Waltman
Dempsey	Jennings	Olsen, S.	Schreiber	Winter

Those who voted in the negative were:

Anderson, G.	DeBlicke	Kahn	Lasley	Murphy
Battaglia	Dorn	Kelly	Lieder	Nelson, D.
Beard	Greenfield	Kelso	Long	Nelson, K.
Begich	Jacobs	Kludt	McEachern	Neuenschwander
Carlson, L.	Jefferson	Knuth	McLaughlin	O'Connor
Carruthers	Jensen	Kostohryz	Milbert	Ogren
Clark	Johnson, A.	Krueger	Minne	Olson, K.
Cooper	Johnson, R.	Larsen	Munger	Orenstein

Osthoff	Quinn	Rukavina	Solberg	Voss
Otis	Reding	Sarna	Sparby	Wagenius
Pappas	Rest	Scheid	Trimble	Welle
Pelowski	Rice	Segal	Tunheim	Wenzel
Peterson	Riveness	Simoneau	Vanasek	Spk. Norton
Price	Rodosovich	Skoglund	Vellenga	

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

Gutknecht moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

### UNEMPLOYMENT COMPENSATION

Section 1. Minnesota Statutes 1986, 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 judgment 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 1986, section 268.04, subdivision 2, is amended to read:

Subd. 2. "Base period" means the period of 52 calendar weeks immediately preceding the first day of an individual's benefit year. However, if a claimant received weekly worker's compensation for temporary total disability under the provisions of chapter 176 or under a similar law of the United States for more than seven weeks within the base period, or if a claimant, whose own serious illness caused a loss of credit weeks within the base period, received compensation due to the illness from some other source or under a law of this state other than chapter 176 or under a similar law of the United States for more than seven weeks within the base period, the claimant's base period shall be lengthened by the same number of weeks, but not to exceed 52 weeks, for which the claimant received the payments. No extended base period shall include wage credits upon which benefits were established and paid with respect to a prior valid claim first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year; except that, if during the base period an individual received workers' compensation for temporary disability under chapter 176 or a similar law of the United States, or if an individual whose own serious illness caused a loss of work for which the individual received compensation due to the illness from some other source or under a law of this state other than chapter 176 or a similar law of the United States, the individual's base period shall be lengthened to the extent stated as follows:

(1) if an individual was compensated, as described above, for a loss of work of seven to 13 weeks, the original base period shall be extended to include one calendar quarter preceding the original base period; or

(2) if an individual was compensated, as described above, for a loss of work of 14 to 26 weeks, the original base period shall be extended to include two calendar quarters preceding the original base period; or

(3) if an individual was compensated, as described above, for a loss of work from 27 to 39 weeks, the original base period shall be extended to include the first three calendar quarters preceding the original base period; or

(4) if an individual was compensated, as described above, for a loss of work from 40 to 52 weeks, the original base period shall be extended to include the first four quarters preceding the original base period.

In no instance shall the base period be extended to include more than four additional calendar quarters.

No extended base period shall include wage credits upon which a claim was established and benefits were paid with respect to that valid claim.

Sec. 3. Minnesota Statutes 1986, section 268.04, subdivision 4, is amended to read:

Subd. 4. "Benefit year" with respect to any individual means the period of 52 calendar weeks beginning with the first day of the first week with respect to which the individual files a valid claim for benefits. For individuals with a claim effective January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 weeks beginning with the first week with respect to which the individual files a valid claim for benefits.

Sec. 4. Minnesota Statutes 1986, 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 been paid wages during the individual's base period sufficient to entitle the individual to benefits under section 268.07, subdivision 2.

Sec. 5. Minnesota Statutes 1986, 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, the 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) \$11,600 in 1988 and \$12,000 in 1989 and thereafter, 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 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 employees generally or for a class or classes of 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 the 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 withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of 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 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. 6. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 34. [CONTRIBUTION REPORT.] “Contribution report” means the summary report of wages and employment used to determine the amount of contributions due by employers on a calendar quarter basis. An auxiliary report of wages and employment broken down by business locations, when required, is part of the contribution report.

Sec. 7. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 35. [WAGE DETAIL REPORT.] “Wage detail report” means the itemized report used to record the information required by section 268.121.

Sec. 8. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 36. [HIGH QUARTER.] “High quarter” means the calendar quarter in an individual’s base period for which the total wage credits paid to the individual during that quarter are equal to or greater than the total wage credits paid to the individual during any other calendar quarter in the individual’s base period.

Sec. 9. Minnesota Statutes 1986, section 268.06, subdivision 2, is amended to read:

Subd. 2. [RATES.] Each employer shall pay contributions equal to two and seven-tenths percent for each calendar year prior to 1985 and 5-4/10 percent for 1985 and each subsequent calendar year of wages paid and wages overdue and delayed beyond the usual time of payment from the employer with respect to employment occurring during each calendar year, except as may be otherwise prescribed in subdivisions 3a and 4. Each employer who has an experience ratio of less than one-tenth of one percent shall pay contributions on only the first \$8,000 in wages paid and wages overdue and delayed beyond

the usual time of payment to each employee with respect to employment occurring during each calendar year.

Sec. 10. Minnesota Statutes 1986, 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 the individual's 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 the individual's 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 (United States Code, title 42, section 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. 11. Minnesota Statutes 1986, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] (a) For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the 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 2½ 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 2½ 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 1½ 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.

(b) The minimum rate for all employers that have had benefits charged to their account at any time during the applicable experience rating 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.

(c) The minimum rate for all employers that have not had benefits charged to their account at any time during the applicable experience rating period described in subdivision 6 shall be three-tenths of one percent less than the minimum rate under paragraph (b) for 1988 and for each year thereafter, provided that no rate can be less than zero percent.

(d) For the purposes of this section the unemployment compensation fund shall not include any moneys advanced from the Federal Unemployment Account in the unemployment trust fund in accordance with Title XII of the Social Security Act, as amended. No employer first assigned an experience ratio in accordance with subdivision 6, shall have a contribution rate increased or decreased by more than one and one-half percentage points for 1982; and 2½ 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 1½ percentage points for 1983 and each year thereafter.

Sec. 12. [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. 13. Minnesota Statutes 1986, section 268.07, subdivision 2, is amended to read:

Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.] (a) If the commissioner finds that an individual has earned 15, or more, credit weeks within the base period of employment in insured work with one or more employers, benefits shall be payable to such individual during his benefit year as follows:

(1) Weekly benefit amount shall be equal to 60 percent of the first \$85, 40 percent of the next \$85 and 50 percent of the remainder of the average weekly wage of such individual. The amount so computed if not a whole dollar shall be rounded down to the next lower dollar amount. To establish a benefit year for unemployment compensation insurance benefits, effective after January 1, 1988, and thereafter, an individual must have:

(1) wage credits in two or more calendar quarters of the individual's base period; and

(2) minimum total base period wage credits equal to the high quarter wages multiplied by 1.5; and

(3) high quarter wage credits of not less than \$1,300.

(b) An individual who cannot qualify for benefits under paragraph (a), may qualify if the individual has:

(1) wage credits in three or more calendar quarters of the individual's base period; and

(2) minimum total base period wage credits equal to the high quarter wages multiplied by 2.0;

(3) high quarter wage credits of not less than \$870.

(c) If the commissioner finds that an individual has sufficient wages and weeks worked within the base period to establish a valid claim, the weekly benefit amount payable to the individual during the individual's benefit year shall be equal to one percent of the individual's wage credits during the base period, rounded to the next lower whole dollar.

(d) Notwithstanding paragraph (b), the maximum weekly benefit amount of claims for benefits which establish a benefit year subsequent to July 1, 1979 June 30, 1987, shall be 66 $\frac{2}{3}$  percent of the average weekly wage, except as provided in clause (d) \$239.

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 percent of the number of credit weeks earned by such an individual computed to the nearest whole week times his weekly benefit amount.

(e) An eligible individual shall be entitled during any benefit year to a total amount of benefits equal to one-third of the individual's total base period wage credits rounded to the next lower dollar not to exceed 26 times the individual's 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 weeks in a calendar year with the same employer with credit being given for leaves of absence for health reasons.

(3) (f) 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.

(g) The minimum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1987, shall be \$68 for claims established under paragraph (a) or \$40 for claims established under paragraph (b).

Sec. 14. Minnesota Statutes 1986, section 268.07, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, if the commissioner finds that an individual has earned credit weeks wage credits in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned 15 credit weeks wage credits equal to or in excess of 36 times the individual's weekly benefit amount for claims establishing a benefit year before July 1, 1988, or at least 40 times the individual's weekly benefit amount in employment which is not seasonal for claims establishing a benefit year after June 30, 1988, in employ-

ment which is not seasonal, in addition to any credit weeks wage credits in seasonal employment. For the purposes of this subdivision, "seasonal employment" means employment with a single employer in the recreation or tourist industry which is available with the employer for 15 consecutive weeks or less each calendar year.

Sec. 15. Minnesota Statutes 1986, section 268.07, subdivision 3, is amended to read:

Subd. 3. [WHEN WAGE CREDITS ARE NOT AVAILABLE.] (1) No individual may receive benefits in a benefit year unless, subsequent to the beginning of the next preceding benefit year during which benefits were received, the individual performed service in insured work as defined in section 268.04, subdivision 17, and earned remuneration for the service in an amount equal to not less than the minimum wage credits required to qualify for benefits. To establish a second benefit year following the expiration of an immediately preceding benefit year, an individual must have sufficient wage credits and weeks worked to establish a claim under subdivision 2, and must have performed services after the establishment of the expired benefit year. The services performed must have been in insured work and the wage credits from the services must equal not less than ten times the weekly benefit amount of the second benefit year.

(2) No employer who provided 90 percent or more of the wage credits in a claimant's base period shall be charged for benefits based upon earnings of the claimant during a subsequent base period unless the employer has employed the claimant in any part of the subsequent base period.

(3) Wages paid by an employing unit may not be used for benefit purposes by any individual who (a) individually or jointly with a spouse, parent or child owns or controls directly or indirectly 25 percent or more interest in the employing unit; or (b) is the spouse, parent or minor child of any individual who owns or controls directly or indirectly 25 percent or more interest in the employing unit; and (c) is not permanently separated from employment.

This clause is effective when the individual has been paid four times the individual's weekly benefit amount in the current benefit year.

(4) Wages paid in seasonal employment, as defined in subdivision 2a, are not available for benefit purposes during weeks in which there is no seasonal employment available with the employer.

(5) No employer shall be charged for benefits if the employer is a base period employer on a second claim solely because of the transition from a base period consisting of the 52-week period preceding the claim date to a base period consisting of the first four

of the last five completed calendar quarters preceding the claim date.

Sec. 16. Minnesota Statutes 1986, 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 the commissioner's 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 United States Code, title 5, 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 United States Code, title 5, chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in the individual's 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 the individual's benefit year which begin in an extended benefit period and, if the 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 the individual's eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under United States Code, title 5, chapter 85) in the individual's 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 the individual although as a result of a pending appeal with respect to wage credits or credit weeks or weeks worked that were not considered in the original monetary determination in the

individual's benefit year, the individual may subsequently be determined to be entitled to added regular benefits; or

(b) The individual's benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which the individual could establish a new benefit year that would include such week or having established a benefit year that includes such week, the individual 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 canceled wage credits or totally reduced 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 the individual is seeking such benefits and the appropriate agency finally determines that the individual is not entitled to benefits under such law the individual 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. 17. [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. [ELIGIBILITY.] 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, 1988, or thereafter.

Sec. 18. Minnesota Statutes 1986, 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 wage credits earned in the base period were for services performed during weeks in which the student was attending school as a full-time student.

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 terminated 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. 19. Minnesota Statutes 1986, 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 the individual is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of the individual's 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, the individual 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 the individual 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. 20. Minnesota Statutes 1986, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clause (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 the individual's separation and the individual has earned ~~four~~ eight times the individual's weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued 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 harass-

ment means unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other conduct 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 work or for misconduct which interferes with and adversely affects 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 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 personal, serious illness provided that such individual has made reasonable efforts to retain employment;

An individual who is separated from employment due to the individual's illness of chemical dependency which has been professionally diagnosed or for which the individual has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment the individual knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain employment.

(c) The individual accepts work from a base period employer which involves a change in 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 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 of reaching mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by the employer because the individual 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 the individual receives the individual's normal wage or salary which is equal to or greater than the 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 work or gross misconduct which interferes with and adversely affects the individual's 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 the individual was discharged for gross misconduct connected with 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 the individual's 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 was not accepted or whose offer of re-employment was refused solely due to the distance of the



available work from the individual's residence, the individual's own serious illness or the individual's 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 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 the individual's own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 21. Minnesota Statutes 1986, 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 the refusal or failure and the individual has earned ~~four~~ eight times the individual's weekly benefit amount in insured work if the commissioner finds that the individual has failed, without good cause, either to apply for available, suitable work of which advised by the employment office, or the commissioner or to accept suitable work when offered, or to return to 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 the 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 health, safety, and morals, physical fitness and prior training, experience, length of unemployment and prospects of securing local work in the individual's customary occupation, and the distance of the available work from the individual's 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. 22. Minnesota Statutes 1984, section 268.09, is amended by adding a subdivision to read:

Subd. 2a. An individual who has qualified for benefits under paragraph (b) of section 268.07, subdivision 2, and who is disqualified for benefits under subdivisions 1 or 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 to accept 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. 23. Minnesota Statutes 1986, section 268.10, subdivision 1, is amended to read:

Subdivision 1. [FILING.] (a) Claims for benefits shall be made in accordance with such rules as the commissioner may prescribe. Each employer shall post and maintain printed statements of such rules in places readily accessible to individuals in the employer's service and shall make available to each such individual at the time of becoming unemployed, a printed statement of such rules. Such printed statements shall be supplied by the commissioner to each employer without cost to the employer.

(1) (b) Any employer upon separation of an employee from 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 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 the individual's base period.

(2) Upon the filing, by an individual, of a claim for benefits, the commissioner shall give notice to all such base period employers of the filing of such claim and request each such base period employer,

within seven days after the mailing of such notice, to furnish the following information:

(a) The total wage credits earned in the base period;

(b) The number of credit weeks which end within the base period;

(c) The week ending dates for each calendar week within the base period in which the individual earned less than the amount required to make a credit week and the amount of earnings in each such week;

(d) The reason for the separation or separations of such individual from the employ of the employer in the base period; and

(e) Such employer's protest, if any, relating to the ineligibility or disqualification of such individual.

(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 the employer's 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 jobs and training and credited to the contingent fund if the employer 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 the employer's last known address.

(c) Upon establishment of a benefit year, the commissioner shall give notice to the last employer for whom the individual worked and all base period employers. The employer so notified shall have seven days after the mailing of the notice to file a protest to monetary entitlement or raise an issue of ineligibility or disqualification.

(d) If, upon review of the wage information on file with the department, it is found that an employer failed to provide wage information for the claimant, the commissioner shall accept a claimant certification as to the wages earned, based upon the claimant's records, and issue a monetary determination of validity certification. This determination may be modified based upon corrected information subsequently received from the employer or other sources. The employer who failed to report the individual's wages or filed an erroneous report may be penalized in accordance with section 268.16 or 268.18. In the absence of fraud, if a redetermina-

tion of validity of claim based on an employer's late or erroneous report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid prior to such redetermination; and

~~(b)~~ (e) The commissioner shall determine any issue of disqualification raised by ~~clause (1)~~ under paragraph (c) or by an employer's late report. If an employer fails to file a separation notice within the time limits prescribed in ~~clause (1)~~ paragraph (b), 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. 24. Minnesota Statutes 1986, 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~~ a protest as provided in subdivision 1, ~~clause (2)~~ paragraph (c), the employer makes an allegation of disqualification or raises an issue of the chargeability to the employer's account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an appeal tribunal decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal decision

awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the rules 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 the 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 the commissioner's own motion may reconsider a determination of validity made thereon and make a redetermination thereof on finding 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 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. 25. Minnesota Statutes 1986, section 268.12, subdivision 8, is amended to read:

Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall keep true and accurate work records for such periods of time and containing such information as the commissioner may prescribe. Such records shall be open to inspection, audit, and verification, and be subject to being copied by any authorized representative of the commissioner at any reasonable time and as often as may be necessary. The commissioner, appeal referee, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or unsworn reports, with respect to persons employed by it, which the commissioner, appeal referee, or any other duly authorized representative of the commissioner deems necessary for the effective administration of sections 268.03 to 268.24, provided that quarterly contribution and wage report forms shall include the employee's name, social security number, and total wages paid to the employee.

(2) The commissioner may cause to be made such summaries, compilations, photographs, duplications, or reproductions of any records, reports, or transcripts thereof as the commissioner 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 the commissioner's 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 the commissioner's 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 on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 26. Minnesota Statutes 1986, section 268.121, is amended to read:

**268.121 [WAGE REPORTING.]**

Beginning on April 1, 1984, each employer subject to this chapter shall provide the commissioner with a quarterly report of the wages, as defined in section 268.04, subdivision 25, paid to each employee of that employer covered by this chapter. The commissioner shall provide the legislature with recommendations for statutory changes to fully implement this section no later than January 1, 1983 report must include the employee's name, social security number, the wage the employee earned each week, and the total wages paid to the employee. The report is due and must be filed at the same time as the contribution report in accordance with rules established by the commissioner for filing of quarterly contribution reports. For the purpose of this section, "wages paid" includes wages actually or constructively paid and wages overdue and delayed beyond the usual time of payment.

Sec. 27. Minnesota Statutes 1986, section 268.16, subdivision 2, is amended to read:

Subd. 2. [REPORTS; DELINQUENCIES; PENALTIES.] (4) (a) Any employer who knowingly fails to make and submit to the department of jobs and training any contribution report of wages paid by or due from the employer for insured work in the manner and at the time such the report is required by rules prescribed by the commissioner shall pay to the department of jobs and training for the contingent account a penalty in the amount of 1½ percent of contributions accrued during the period for which such the report is required, for each month from and after such the due date until such the report is properly made and submitted to the department of jobs and training. In no case shall the amount of the penalty imposed hereby be less than \$5 per month. The maximum penalty imposed hereby shall be \$25 or the amount determined at the rate of 1½ percent per month, whichever is greater. Any employing unit which

fails to make and submit to the commissioner any report, other than one of wages paid or payable for insured work, as and when required by the rules of the commissioner, shall be subject to a penalty in the sum of \$10 payable to the department of (jobs and training) for the contingent account. All such penalties shall be in addition to interest and any other penalties provided for by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

(2) (b) If any employing unit required by sections 268.03 to 268.24 to make and submit contribution reports shall fail to do so within the time prescribed by these sections or by rules under the authority thereof, or shall make, willfully or otherwise, an incorrect, false or fraudulent contribution report, it shall, on the written demand of the commissioner, make such contribution report, or corrected report, within ten days after the mailing of such written demand and at the same time pay the whole contribution, or additional contribution, due on the basis thereof. If such employer shall fail within that time to make such report, or corrected report, the commissioner shall make a report, or corrected report, from the commissioner's own knowledge and from such information as the commissioner can obtain through testimony, or otherwise, and assess a contribution on the basis thereof, which contribution, plus penalties and interest which thereafter accrued (less any payments theretofore made) shall be paid within ten days after the commissioner has mailed to such employer a written notice of the amount thereof and demand for its payment. Any such contribution report or assessment made by the commissioner on account of the failure of the employer to make a report or corrected report shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto. Whenever such delinquent employer shall file a report or corrected report, the commissioner may, on finding it substantially correct, substitute it for the commissioner's report.

(c) Any employer who fails to file the wage detail report required by section 268.121 shall pay to the department for the contingent account a penalty of one-half of one percent of total wages paid and wages due but not paid during the period for each month the report is delinquent. The penalty shall not be assessed if the wage detail report is properly made and filed within 30 days after a demand for the report is mailed to the employer's address of record. In no case shall the amount of the penalty, if assessed, be less than \$25. Penalties due under this subdivision may be waived where good cause for late filing is found by the commissioner.

(d) Any employer who files the wage detail report required by section 268.121, but knowingly fails to include any of the required information or knowingly enters erroneous information, shall be subject to a penalty of \$25 for each individual for whom the information is missing or erroneous.



(e) Any employing unit which fails to make and submit to the commissioner any report, other than a contribution report or wage detail report, as and when required by rule, shall be subject to a penalty in the sum of \$50 payable to the department for the contingent account.

(f) The penalties provided for in paragraphs (a), (c), (d), and (e) are in addition to interest and any other penalties imposed by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

Sec. 28. Minnesota Statutes 1986, section 268.16, is amended by adding a subdivision to read:

Subd. 2a. [COSTS.] Any employing unit which fails to make and submit reports or pay any contributions or reimbursement when due is liable to the department any recording fees, sheriff fees, or litigation costs incurred in obtaining the reports or collecting the amounts due.

If any check or money order, in payment of any amount due under sections 268.03 to 268.24, is not honored when presented for payment, the employing unit will be assessed a fee of \$20 which shall be in addition to any other fees required under sections 268.03 to 268.24. The fee shall be assessed regardless of the amount of the check or money order or the reason for nonpayment with the exception of processing errors made by a financial institution.

Costs due under this subdivision shall be paid to the department and credited to the administration fund.

Sec. 29. [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, 1988.

Sec. 30. [REPEALER.]

Minnesota Statutes 1986, sections 268.04, subdivisions 29 and 30; and 268.06, subdivision 24, are repealed.

Sec. 31. [EFFECTIVE DATE.]

Sections 1, 6, 7, 25, 26, 27, 28, and 29 are effective the day following final enactment. Sections 11, paragraph (d), 17, 19, 20, and

21 are effective July 1, 1987. The remaining sections are effective January 1, 1988.

## 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 administra-

tive 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 Minnesota Statutes, 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 1986, 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 jobs and training, (e) the director of mediation services, (f) the workers' compensation division in the department of labor and industry, (g) the workers' compensation court of appeals, (h) the board of pardons, or (i) the public employment relations board.

Sec. 3. Minnesota Statutes 1986, section 14.48, is amended to read:

14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE APPOINTED; 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 the 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 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 1986, 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 the chief administrative law

judge's 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 1986, 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 1986, 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 1986, 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.

The governor may upon the unanimous written request of exclusive representatives of units and the commissioner direct that negotiations be conducted for one or more units in a common proceeding or that supplemental negotiations be conducted for portions of a unit or units defined on the basis of appointing authority or geography.

Sec. 8. Minnesota Statutes 1986, 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 the employer's 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 1986, section 268.06, subdivision 19, is amended to read:

Subd. 19. [NOTICE OF RATE.] The commissioner shall mail to each employer notice of the employer's 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 1986, 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 the employer's rate for any calendar year as provided in subdivision 19, may be had by the employer by filing with the commissioner a written protest setting forth reasons therefor within 30 days from the date of the mailing of the notice of charges or contribution rate to the employer. The date shall appear on the notice. Upon receipt of the protest, the commissioner shall refer the matter to an official designated by the commissioner 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, the employer 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 commissioner 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 the commissioner's 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 the ~~referee's~~ judge's 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 1986, 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 the employer's 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 rules 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 the 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 the commissioner's own motion may reconsider a determination of validity made thereon and make a redetermination thereof on finding 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 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 1986, 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 1986, 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 1986, 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 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 personally hear 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 jobs and training 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 representative.

Sec. 15. Minnesota Statutes 1986, 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~~. 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 1986, 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 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 the agent is an attorney at law.

Sec. 17. Minnesota Statutes 1986, 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 the commissioner 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 the commissioner's 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 the commissioner's 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 on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 18. Minnesota Statutes 1986, 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 chair 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 1986, 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 chair 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 may tend to be incriminating or subject the person 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 the person is compelled, after having claimed a 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 1986, section 268.12, subdivision 13, is amended to read:

Subd. 13. [DETERMINATIONS.] (1) An official, designated by the commissioner, upon the commissioner's 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 jobs and training, 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 the 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 the commissioner's own motion orders the matter certified to the com-~~

missioner 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 the commissioner require. The commissioner shall notify the employing unit and the chief administrative law judge of the commissioner's 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 unemployment insurance judge, 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 unemployment insurance judge 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 1986, section 268.18, subdivision 1, is amended to read:

Subdivision 1. [ERRONEOUS PAYMENTS.] Any claimant for benefits who, by reason of the claimant's 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 the claimant was not entitled under these sections, shall promptly return such benefits in cash to the nearest office of the Minnesota department of jobs and training. If such claimant fails to return such benefits, the department of jobs and training 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 jobs and training within 15 days after the mailing of the notice of determination to the claimant's 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 jobs and training 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 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. Benefits paid for weeks more than three years prior to the discovery of error are not erroneous payments.

Sec. 22. Minnesota Statutes 1986, 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 the claimant 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, the commissioner 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 the claimant 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 jobs and training any benefits fraudulently obtained. Unless the claimant files a written appeal with the department of jobs and training within 15 days after the mailing of the notice of determination to the claimant's 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, 1987."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gutknecht amendment and the roll was called.

Vanasek moved that those not voting be excused from voting. The motion prevailed.

There were 62 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Kelso	Pauly	Sviggum
Bennett	Frederick	Kinkel	Poppenhagen	Swenson
Bertram	Frerichs	Knickerbocker	Quist	Thiede
Bishop	Gruenes	Marsh	Redalen	Tjornhom
Blatz	Gutknecht	McDonald	Richter	Tompkins
Boo	Hartle	McKasy	Rose	Tunheim
Burger	Haukoos	McPherson	Schafer	Uphus
Carlson, D.	Heap	Miller	Schoenfeld	Valento
Clausnitzer	Himle	Morrison	Schreiber	Waltman
Dauner	Hugoson	Olsen, S.	Seaberg	Winter
Dempsey	Jennings	Omann	Shaver	
Dille	Johnson, V.	Onnen	Stanius	
Dorn	Kalis	Ozment	Steensma	

Those who voted in the negative were:

Anderson, G.	Jensen	McLaughlin	Pappas	Simoneau
Battaglia	Johnson, A.	Milbert	Pelowski	Skoglund
Bauerly	Johnson, R.	Minne	Peterson	Solberg
Beard	Kahn	Munger	Price	Trimble
Begich	Kelly	Murphy	Quinn	Vanasek
Brown	Kludt	Nelson, C.	Reding	Vellenga
Carlson, L.	Knuth	Nelson, K.	Rest	Voss
Carruthers	Kostohryz	Neuenschwander	Rice	Wagenius
Clark	Krueger	O'Connor	Riveness	Welle
Cooper	Larsen	Ogren	Rodosovich	Wenzel
DeBlicck	Lasley	Olson, K.	Rukavina	Wynia
Greenfield	Lieder	Orenstein	Sarna	Spk. Norton
Jacobs	Long	Osthoff	Scheid	
Jefferson	McEachern	Otis	Segal	

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

H. F. No. 715, A bill for an act relating to unemployment compensation; regulating administration of unemployment compensation; providing for benefits and contribution rates; amending Minnesota Statutes 1986, sections 268.04, subdivisions 2, 4, 24, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.08, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.15, subdivision 3; 268.16, subdivision 2; repealing Minnesota Statutes 1986, section 268.04, subdivisions 29 and 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.

Vanasek 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, G.	Jacobs	McEachern	Pelowski	Steensma
Anderson, R.	Jensen	McLaughlin	Peterson	Tunheim
Battaglia	Johnson, A.	Milbert	Price	Uphus
Bauerly	Johnson, R.	Minne	Quinn	Vanasek
Beard	Kahn	Munger	Reding	Vellenga
Begich	Kelly	Murphy	Rest	Voss
Brown	Kludt	Nelson, C.	Riveness	Wagenius
Carlson, D.	Knuth	Nelson, D.	Rodosovich	Welle
Carruthers	Kostohryz	Nelson, K.	Rukavina	Wenzel
Clark	Krueger	Neuenschwander	Sarna	Winter
Cooper	Larsen	Ogren	Segal	Wynia
DeBlieck	Lasley	Orenstein	Skoglund	Spk. Norton
Dorn	Lieder	Otis	Solberg	
Greenfield	Long	Pappas	Sparby	

Those who voted in the negative were:

Bennett	Frerichs	Marsh	Poppenhagen	Simoneau
Bertram	Gruenes	McDonald	Quist	Stanius
Bishop	Gutknecht	McKasy	Redalen	Sviggum
Blatz	Hartle	McPherson	Rice	Swenson
Boo	Haukoos	Miller	Richter	Thiede
Burger	Heap	Morrison	Rose	Tjornhom
Carlson, L.	Himle	O'Connor	Schafer	Tompkins
Clausnitzer	Hugoson	Omann	Scheid	Trimble
Dauner	Jennings	Onnen	Schoenfeld	Valento
Dempsey	Johnson, V.	Osthoff	Schreiber	Waltman
Forsythe	Kalis	Ozment	Seaberg	
Frederick	Kelso	Pauly	Shaver	

The bill was passed, as amended, and its title agreed to.

The Speaker called Simoneau to the Chair.

H. F. No. 14, A bill for an act relating to unemployment compensation; limiting benefit charges to fire departments and emergency transportation services; regulating the receipt of benefits; providing that wages for volunteer firefighter or ambulance services not be deducted for benefit calculation purposes; amending Minnesota Statutes 1986, sections 268.06, subdivision 5; and 268.07, 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.

Anderson, G., 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.	Gruenes	Long	Ozment	Simoneau
Anderson, R.	Hartle	Marsh	Pappas	Skoglund
Battaglia	Haukoos	McDonald	Pauly	Solberg
Bauerly	Heap	McEachern	Pelowski	Sparby
Beard	Himle	McKasy	Peterson	Stanius
Begich	Hugoson	McLaughlin	Poppenhagen	Steensma
Bennett	Jacobs	McPherson	Price	Sviggum
Bertram	Jefferson	Milbert	Quinn	Swenson
Bishop	Jennings	Miller	Quist	Thiede
Blatz	Jensen	Minne	Redalen	Tjornhom
Boo	Johnson, A.	Morrison	Reding	Tompkins
Brown	Johnson, R.	Munger	Rest	Trimble
Burger	Johnson, V.	Murphy	Rice	Tunheim
Carlson, D.	Kahn	Nelson, C.	Richter	Uphus
Carlson, L.	Kalis	Nelson, D.	Riveness	Valento
Carruthers	Kelly	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelso	Neuenschwander	Rose	Vellenga
Cooper	Kinkel	O'Connor	Rukavina	Voss
Dauner	Kludt	Ogren	Sarna	Wagenius
DeBlieck	Knickerbocker	Olsen, S.	Schafer	Waltman
Dempsey	Knuth	Olson, K.	Scheid	Welle
Dille	Kostohryz	Omann	Schoenfeld	Wenzel
Dorn	Krueger	Onnen	Schreiber	Winter
Forsythe	Larsen	Orenstein	Seaberg	Wynia
Frerichs	Lasley	Osthoff	Segal	Spk. Norton
Greenfield	Lieder	Otis	Shaver	

The bill was passed and its title agreed to.

#### CALL OF THE HOUSE LIFTED

Kelly moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

S. F. No. 641 was reported to the House.

Murphy moved to amend S. F. No. 641, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 79.211, is amended by adding a subdivision to read:

Subd. 3. [PAYROLL COMPUTATIONS FOR CERTAIN PUBLIC EMPLOYEES.] The commissioner of commerce in setting the assigned risk plan rates or an insurer shall compute a premium for an elected or appointed official of a town based on the actual annual wage received from the town.”

Delete the title and insert:

"A bill for an act relating to workers' compensation; regulating insurance premium computations for certain public employees; amending Minnesota Statutes 1986, section 79.211, by adding a subdivision."

The motion prevailed and the amendment was adopted.

S. F. No. 641, A bill for an act relating to workers' compensation; excluding certain persons from coverage; regulating insurance premium computations for certain public employees; amending Minnesota Statutes 1986, sections 79.211, by adding a subdivision; and 176.041, 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 123 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Solberg
Anderson, R.	Hartle	Marsh	Pappas	Sparby
Battaglia	Haukoos	McDonald	Pauly	Stanius
Bauerly	Heap	McEachern	Pelowski	Steensma
Beard	Hugoson	McKasy	Peterson	Sviggum
Begich	Jacobs	McLaughlin	Price	Swenson
Bennett	Jefferson	McPherson	Quinn	Thiede
Bertram	Jennings	Milbert	Quist	Tjornhom
Blatz	Jensen	Minne	Redalen	Tompkins
Brown	Johnson, A.	Morrison	Reding	Trimble
Burger	Johnson, R.	Munger	Rest	Tunheim
Carlson, D.	Johnson, V.	Murphy	Rice	Uphus
Carlson, L.	Kahn	Nelson, C.	Richter	Valento
Carruthers	Kalis	Nelson, D.	Riveness	Vanasek
Clark	Kelly	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelso	Neuenschwander	Rose	Voss
Cooper	Kinkel	O'Connor	Sarna	Wagenius
DeBlick	Kludt	Ogren	Schafer	Waltman
Dempsey	Knickerbocker	Olsen, S.	Scheid	Welle
Dorn	Knuth	Olson, K.	Schoenfeld	Wenzel
Forsythe	Kostohryz	Omann	Schreiber	Winter
Frederick	Krueger	Onnen	Segal	Wynia
Frerichs	Larsen	Orenstein	Shaver	Spk. Norton
Greenfield	Lasley	Osthoff	Simoneau	
Gruenes	Lieder	Otis	Skoglund	

Those who voted in the negative were:

Poppenhagen

The bill was passed, as amended, and its title agreed to.

H. F. No. 1621, A bill for an act relating to unemployment compensation; appropriating federal money received for unemployment compensation administration.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Long	Pappas	Skoglund
Anderson, R.	Gruenes	McDonald	Pauly	Solberg
Battaglia	Gutknecht	McEachern	Pelowski	Sparby
Bauerly	Hartle	McKasy	Peterson	Stanius
Beard	Haukoos	McLaughlin	Poppenhagen	Steensma
Begich	Heap	McPherson	Price	Sviggum
Bennett	Himle	Milbert	Quinn	Swenson
Bertram	Hugoson	Miller	Quist	Thiede
Blatz	Jacobs	Minne	Redalen	Tjornhom
Boo	Jefferson	Morrison	Reding	Tompkins
Brown	Jennings	Munger	Rest	Trimble
Burger	Jensen	Murphy	Rice	Tunheim
Carlson, D.	Johnson, A.	Nelson, C.	Richter	Uphus
Carlson, L.	Johnson, V.	Nelson, D.	Riveness	Valento
Carruthers	Kahn	Nelson, K.	Rodosovich	Vanasek
Clark	Kalis	Neuenschwander	Rose	Vellenga
Clausnitzer	Kelly	O'Connor	Rukavina	Voss
Cooper	Kelso	Ogren	Sarna	Wagenius
Dauner	Kludt	Olsen, S.	Schafer	Waltman
DeBlicck	Knickerbocker	Olson, K.	Scheid	Welle
Dempsey	Knuth	Omann	Schoenfeld	Wenzel
Dille	Kostohryz	Onnen	Schreiber	Winter
Dorn	Krueger	Orenstein	Seaberg	Wynia
Forsythe	Larsen	Osthoff	Segal	Spk. Norton
Frederick	Lasley	Otis	Shaver	
Frerichs	Lieder	Ozment	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 1048 was reported to the House.

Onnen and Sviggum offered an amendment to S. F. No. 1048.

Clausnitzer requested a division of the amendment.

The first portion of the Onnen and Sviggum amendment to S. F. No. 1048, reads as follows:

Page 8, line 5, delete "repeated"

Page 8, line 8, delete "repeatedly"

A roll call was requested and properly seconded.

The question was taken on the first portion of the Onnen and Sviggum amendment to S. F. No. 1048 and the roll was called. There were 62 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Begich	Frerichs	McDonald	Poppenhagen	Sviggum
Bennett	Gruenes	McEachern	Quist	Swenson
Bertram	Gutknecht	McKasy	Redalen	Thiede
Blatz	Hartle	McPherson	Richter	Tjornhom
Boo	Haukoos	Milbert	Sarna	Tompkins
Brown	Heap	Miller	Schafer	Uphus
Burger	Himle	Morrison	Scheid	Valento
Carlson, D.	Hugoson	Olsen, S.	Schoenfeld	Waltman
Clausnitzer	Johnson, V.	Omann	Schreiber	Wenzel
Dempsey	Kalis	Onnen	Seaberg	Winter
Dille	Knickerbocker	Osthoff	Shaver	
Forsythe	Kostohryz	Ozment	Stanius	
Frederick	Marsh	Pauly	Steensma	

Those who voted in the negative were:

Anderson, G.	Jefferson	McLaughlin	Pappas	Solberg
Anderson, R.	Johnson, R.	Minne	Pelowski	Sparby
Battaglia	Kahn	Munger	Peterson	Trimble
Bauerly	Kelly	Murphy	Quinn	Tunheim
Beard	Kelso	Nelson, C.	Reding	Vanasek
Bishop	Kinkel	Nelson, D.	Rest	Vellenga
Carlson, L.	Kludt	Nelson, K.	Rice	Voss
Carruthers	Knuth	Neuenschwander	Riveness	Wagenius
Clark	Krueger	O'Connor	Rodosovich	Welle
Cooper	Larsen	Ogren	Rukavina	Wynia
Dauner	Lasley	Olson, K.	Segal	Spk. Norton
DeBlick	Lieder	Orenstein	Simoneau	
Greenfield	Long	Otis	Skoglund	

The motion did not prevail and the first portion of the Onnen and Sviggum amendment to S. F. No. 1048 was not adopted.

The second portion of the Onnen and Sviggum amendment to S. F. No. 1048, reads as follows:

Page 9, line 15, delete "VOLUNTARY" and insert "MANDATORY"

Page 9, line 19, delete "may" and insert "shall"

A roll call was requested and properly seconded.

The question was taken on the second portion of the Onnen and Sviggum amendment to S. F. No. 1048 and the roll was called. There were 64 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Burger	Haukoos	Krueger	Miller
Bauerly	Carlson, D.	Heap	Marsh	Morrison
Beard	Clausnitzer	Hugoson	McDonald	Neuenschwander
Bennett	Dauner	Jacobs	McEachern	O'Connor
Bertram	Dempsey	Johnson, V.	McKasy	Olsen, S.
Blatz	Frederick	Kinkel	McPherson	Omann
Boo	Gutknecht	Knickerbocker	Milbert	Onnen



Osthoff	Quist	Scheid	Steensma	Uphus
Ozment	Redalen	Schreiber	Sviggum	Valento
Pauly	Richter	Seaberg	Swenson	Waltman
Pelowski	Rose	Shaver	Thiede	Wenzel
Poppenhagen	Sarna	Sparby	Tjornhom	Winter
Quinn	Schafer	Stanius	Tompkins	

Those who voted in the negative were:

Anderson, G.	Gruenes	Kostohryz	Orenstein	Solberg
Battaglia	Hartle	Larsen	Otis	Trimble
Begich	Himle	Lasley	Pappas	Tunheim
Bishop	Jefferson	Lieder	Peterson	Vanasek
Brown	Jennings	Long	Reding	Vellenga
Carlson, L.	Jensen	McLaughlin	Rest	Voss
Carruthers	Johnson, A.	Minne	Rice	Wagenius
Clark	Johnson, R.	Munger	Riveness	Welle
Cooper	Kahn	Murphy	Rodosovich	Wynia
DeBlicke	Kalis	Nelson, C.	Rukavina	Spk. Norton
Dorn	Kelly	Nelson, D.	Schoenfeld	
Forsythe	Kelso	Nelson, K.	Segal	
Frerichs	Kludt	Ogren	Simoneau	
Greenfield	Knuth	Olson, K.	Skoglund	

The motion did not prevail and the second portion of the Onnen and Sviggum amendment to S. F. No. 1048 was not adopted.

S. F. No. 1048, A bill for an act relating to health; making nutrition data reporting discretionary rather than mandatory; governing the hazardous substance injury compensation board; restructuring the commissioner's authority to control activities of carriers of communicable diseases; regulating licensure and inspections of hospitals, nursing homes, life support transportation systems, and eating places; clarifying powers of the office of health facility complaints; changing certain duties of the interagency board for quality assurance; providing penalties; amending Minnesota Statutes 1986, sections 115B.28, subdivision 4; 144.0722; 144.092; 144.50, subdivisions 1 and 2; 144.653, subdivision 3; 144.802, subdivisions 3 and 4; 144A.10, subdivisions 1 and 2; 144A.16; 144A.31; 144A.53, subdivision 1; 145.881, subdivision 1; 145.882, subdivision 4; 157.01; 157.02; 157.04; 157.09; and 157.14; proposing coding for new law in Minnesota Statutes, chapters 144 and 144A; repealing Minnesota Statutes 1986, sections 144.422; 144.424; 144.425; 144.471; 144.49, subdivision 5; 144.692; 144.801, subdivision 8; and 144.94.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Anderson, R.	Battaglia	Bauerly	Beard
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Begich	Haukoos	McEachern	Pelowski	Sparby
Bennett	Heap	McKasy	Peterson	Stanius
Bertram	Himle	McLaughlin	Poppenhagen	Steensma
Bishop	Hugoson	McPherson	Price	Sviggum
Blatz	Jacobs	Milbert	Quinn	Swenson
Boo	Jefferson	Miller	Quist	Thiede
Brown	Jennings	Minne	Redalen	Tjornhom
Burger	Jensen	Morrison	Reding	Tompkins
Carlson, D.	Johnson, A.	Munger	Rest	Trimble
Carlson, L.	Johnson, R.	Murphy	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, C.	Richter	Uphus
Clark	Kahn	Nelson, D.	Riveness	Valento
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Vanasek
Cooper	Kelly	Neuenschwander	Rose	Vellenga
Dauner	Kelso	O'Connor	Rukavina	Voss
DeBlieck	Kinkel	Ogren	Sarna	Wagenius
Dempsey	Kludt	Olsen, S.	Schafer	Waltman
Dille	Knickerbocker	Olsen, K.	Scheid	Welle
Dorn	Knuth	Omam	Schoenfeld	Wenzel
Forsythe	Kostohryz	Onnen	Schreiber	Winter
Frederick	Krueger	Orenstein	Seaberg	Wynia
Frerichs	Larsen	Osthoff	Segal	Spk. Norton
Greenfield	Lasley	Otis	Shaver	
Gruenes	Lieder	Ozment	Simoneau	
Gutknecht	Marsh	Pappas	Skoglund	
Hartle	McDonald	Pauly	Solberg	

The bill was passed and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees.

## REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 629, A bill for an act relating to public safety; parking for handicapped persons; imposing a fine for violations of handicapped parking provisions; providing penalties; amending Minnesota Statutes 1986, section 168.021, subdivisions 1, 1a, 2, 3, 5, and 6; 169.345; and 169.346; repealing Minnesota Statutes 1986, section 168.021, subdivision 7.

Reported the same back with the following amendments:

Page 5, lines 34 and 36, delete "five" and insert "six"

Page 8, line 18, strike "\$100" and insert "\$50"

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 777, A bill for an act relating to motor fuels; providing that unleaded gasoline having an octane rating of 90 or less and sold in Minnesota after June 30, 1988, must be blended with ethanol; providing for tax credit or refund in certain cases; amending Minnesota Statutes 1986, sections 296.05, by adding a subdivision; and 296.14, subdivision 2; repealing Minnesota Statutes 1986, section 296.02, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 41A.09, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS FROM FUND.] The commissioner of revenue shall make cash payments from the development fund to producers of ethanol or agricultural grade alcohol, for use as a motor fuel, located in the state. The amount of the payment for each producer's annual production shall be as follows:

(a) For each gallon of ethanol produced:

(1) For the period beginning July 1, 1986 and ending June 30, 1987, 15 cents per gallon;

(2) For the period beginning July 1, 1987 and ending June 30, ~~1992~~ 2000, 20 cents per gallon.

(b) For each gallon produced of agricultural grade alcohol of a purity of at least 50 percent but not more than 90 percent and designed to be used in conjunction with diesel fuel in an engine's internal combustion process, for the period beginning July 1, 1987 and ending June 30, ~~1992~~ 2000, 11 cents per gallon.

The total payments from the fund to all producers may not exceed \$200,000 during the period beginning July 1, 1986 and ending June 30, 1987, and may not exceed \$10,000,000 in any fiscal year during the period beginning July 1, 1987 and ending June 30, ~~1992~~ 2000. Total payments to any producer from the fund in any fiscal year may not exceed \$3,000,000.

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.

Sec. 2. Minnesota Statutes 1986, section 41A.09, subdivision 5, is amended to read:

Subd. 5. [EXPIRATION.] This section expires July 1, ~~1992~~ 2000, and all money in the fund on that date reverts to the general fund.

Sec. 3. Minnesota Statutes 1986, section 325E.09, subdivision 4, is amended to read:

Subd. 4. Any signs or devices stating or relating to the minimum octane rating or to the retail price of motor fuel or designed and calculated to cause the public to believe that they state or relate to the minimum octane rating or the retail price of motor fuel posted or displayed on or about premises where motor fuel is sold at retail or on property adjacent thereto and within view of any public highway, road, or street shall clearly and legibly state in figures the minimum octane rating and in figures and fractions of uniform size and prominence the total price per gallon, including the per gallon amount of all tax to be collected in connection with the sale. No signs or devices stating or relating to the absence of ethanol, methanol, or other alcohol fuels in motor fuel may be posted or displayed on or about premises where motor fuel is sold at retail or on property adjacent thereto and within view of any public highway, road, or street to cause the public to believe that the person sells at retail gasoline that does not contain ethanol. Nothing contained in this section shall be deemed to prohibit any separate signs or decals posted or displayed on or about premises where motor fuel is sold at retail relating to premiums, trading stamps or other promotional devices, or the per gallon amount of tax imposed upon the sale of motor fuel, provided any sign pertaining to price of merchandise other than motor fuel clearly and legibly states in letters of the same size as the figures and fractions stating such price the name or designation of such merchandise.

Sec. 4. [APPROPRIATION.]

Notwithstanding section 41A.09, subdivision 1, \$..... is appropriated for the fiscal year ending June 30, 1988, and \$..... is appropriated for the fiscal year ending June 30, 1989, from the ethanol development fund established under section 41A.09 to the commissioner of agriculture for the purpose of promoting ethanol. The amount of the appropriation must be matched by a producer check-off of one-half cent per bushel of corn."

Delete the title and insert:

"A bill for an act relating to motor fuels; trade practices; extending the expiration of the ethanol development fund to the year 2000;

prohibiting "no ethanol" signs; appropriating money for promoting ethanol; amending Minnesota Statutes 1986, sections 41A.09, subdivisions 3 and 5; and 325E.09, subdivision 4."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 939, A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing for peer review of services and fees; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10, subdivisions 1, 3, and by adding a subdivision; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1986, section 148.101.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1002, A bill for an act relating to utilities; establishing program to provide communication-impaired people with devices enabling their use of telephones; creating advisory committee and requiring report; providing for payment of costs of program; proposing coding for new law in Minnesota Statutes, chapter 237.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1499, A bill for an act relating to health; requiring transfers from the special revenue account to the public health fund;

appropriating money; amending Minnesota Statutes 1986, section 214.06, subdivision 1.

Reported the same back with the following amendments:

Page 2, after line 5, insert:

“Sec. 2. [FEASIBILITY STUDY.]

The director of the state planning agency in cooperation with the commissioner of health may study the feasibility of a Minnesota institute for health research. Among the factors to be considered in this study are: clinical and community resources now existing in the state, methodology for the development of a health research institute, and components toward which an institute would direct its resources. The director of the state planning agency is authorized to accept and expend nonstate funds for this purpose and shall report to the legislature by January 1, 1989, on any study undertaken.”

Page 3, line 13, delete “\$.....” and insert “\$25,000”

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1645, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [VETERANS BONUS CLAIMS; APPROPRIATIONS; GENERAL FUND.]

Subdivision 1. [GENERALLY.] The sums set forth in this section are appropriated from the general fund to the persons named in subdivisions 2, 3, and 4 in full and final payment of claims against the state for adjusted compensation arising from World War II, the Korean conflict, and Vietnam service.

Subd. 2. [WORLD WAR II.] Robert E. Amundson, 320 Northwest 4th Avenue, Faribault, Minnesota 55021 .....\$245.

Subd. 3. [KOREAN CONFLICT.] Robert E. Amundson, 320 Northwest 4th Avenue, Faribault, Minnesota 55021.....\$180.

Frank H. Bellanger, Box 367, Cass Lake, Minnesota 56633.....\$97.50.

David Hoff, Route 2, Box 140, Cohasset, Minnesota 55721.....\$90.

Walter R. Kaisler, Route 3, Cambridge, Minnesota 55008.....\$45.

Calvin E. Peterson, Box 9, Tri-Court Motel, East Highway 12, Willmar, Minnesota 56201.....\$195.

Richard E. Swan, 714 8th Street South, Moorhead, Minnesota 56560.....\$97.50.

Floyd E. Thorpe, 500 Home Street, Apartment 25B, Fairmont, Minnesota 56031.....\$105.

Louis C. Welter, 1681 Euclid, St. Paul, Minnesota 55106.....\$165.

Subd. 4. [VIETNAM SERVICE.] Robert E. Becker, 314 North Van Buren Street, Springfield, Minnesota 56087.....\$600.

Toshi K. Behrendt (beneficiary), Route 78, Box 198, 606 3rd Street, Pine River, Minnesota 56474.....\$300.

Steven P. Brandt, 718 Oakdale Avenue, St. Paul, Minnesota 55107.....\$105.

Raymond D. Campbell, Jr., 15679 220th Street North, Scandia, Minnesota 55073.....\$100.

Bruce E. Cook, Rural Route 1, Box 127A, Mountain Iron, Minnesota 55768.....\$500.

William E. Dwyer, 768 East Orange Avenue, St. Paul, Minnesota 55106.....\$300.

Lonny L. Gohde, Route 1, Box 267, Sarona, Wisconsin 54870.....\$585.

Joseph L. Goulet, 3119 4th Street North, Apartment 1, Minneapolis, Minnesota 55411.....\$300.

John E. Hanson, 3004 3rd Avenue Southwest, Grand Rapids, Minnesota 55744.....\$300.

Dennis H. Huot, 3402 Cedar Avenue South, Minneapolis, Minnesota 55407.....\$300.

Steven G. Johnson, Route 2, Box 157, St. Charles, Minnesota 55972.....\$255.

Jack E. Keefer, Jr., 20 North 3rd Street, Long Prairie, Minnesota 56347.....\$210.

Robert D. Keto, 12900 Pilgrim Lane, Champlin, Minnesota 55316.....\$100.

Reuben D. Kort, 918 Lindburg Drive, Little Falls, Minnesota 56345.....\$600.

William F. Loll, P. O. Box 1052, Eyota, Minnesota 55934.....\$150.

Gerald E. May, 1311 South Arago, Peoria, Illinois 61605.....\$600.

Margaret A. McLain, 2610 Woodland Avenue, Duluth, Minnesota 55803.....\$300.

Steven S. Nowlan, 5730 Camden Avenue North, Brooklyn Center, Minnesota 55430.....\$300.

Joseph C. Olson, 534 Forest Street, St. Paul, Minnesota 55106.....\$600.

Steven R. Olson, 4224 Winnetka Avenue North, Apartment 206, New Hope, Minnesota 55428.....\$100.

Dennis W. Pooler, 516 Walnut Street, Petaluma, California 94952.....\$300.

Garrett I. Raasch, Grove City, Minnesota 56243.....\$600.

Michael D. St. Dennis, 2958 Queen Avenue North, Minneapolis, Minnesota 55411.....\$120.

Arlen G. Simi, 2268 26th Avenue South, St. Cloud, Minnesota 56301.....\$300.

Phyllis J. Strader (beneficiary), Rural Route 1, Wheaton, Minnesota 56296.....\$1,000.



Gary B. Stranberg, 13201 Pierce Street Northeast, Blaine, Minnesota 55434.....\$465.

Wayne L. Svare, 327 8th Avenue South, St. Cloud, Minnesota 56301.....\$300.

David H. Swaggert, 6515 Corvallis Avenue North, Minneapolis, Minnesota 55428.....\$600.

Michael L. Thesenvitz, 2068 Temple Court, St. Paul, Minnesota 55104.....\$600.

### Sec. 2. [CLAIMS OF DEPARTMENT OF CORRECTIONS.]

There is appropriated from the general fund to the department of corrections \$269.16 for calendar year 1985 and \$357.66 for calendar year 1986 to reimburse the department for money expended for medical expenses incurred by individuals under the jurisdiction of the department who were injured while performing community service work in instances where insurance coverage did not apply.

### Sec. 3. [TRUNK HIGHWAY FUND CLAIMS.]

Subdivision 1. The sum set forth in this section is appropriated from the trunk highway fund to the commissioner of transportation for payment to the person named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1988.

Subd. 2. Lillian J. Rehak, 222 Duke Street, St. Paul, Minnesota 55102, for well damage in 1985 resulting from highway construction on the route of Interstate 35E.....\$13,000.00."

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 131, A bill for an act relating to transportation; authorizing commissioner of transportation and local road authorities to reduce speed limits in work zones; amending Minnesota Statutes 1986, section 169.14, by adding a subdivision.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 1272, A bill for an act relating to public meetings; requiring certain notice for all meetings; amending Minnesota Statutes 1986, section 471.705, by adding a subdivision.

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

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 629, 939, 1002, 1499 and 1645 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 131 and 1272 were read for the second time.

## SPECIAL ORDERS, Continued

H. F. No. 236 was reported to the House.

Scheid moved to amend H. F. No. 236, the first engrossment, as follows:

Page 10, delete lines 2 to 26 and insert:

**“Sec. 3. [211B.03] [CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.]**

(a) A person who participates in the preparation, dissemination, or broadcast of campaign material other than as provided in section 5, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared, disseminated, or broadcast in a disclaimer substantially in the form provided in paragraph (b) is guilty of a misdemeanor.

(b) The required form of disclaimer is:

“Prepared and paid for by the ..... committee,

.....(address).

(c) Campaign material which is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to ....(insert name of candidate or ballot question....)"; or that "this publication is not circulated on any candidate's or ballot question's behalf."

(d) This section does not apply to objects stating only the candidate's name and the office sought, fundraising tickets, or personal letters which are clearly being sent by the candidate.

(e) This section does not modify or repeal section 4."

Page 11, line 7, after the first "a" insert "newspaper publisher or"

Page 11, line 10, before the comma insert "or letters to the editor"

The motion prevailed and the amendment was adopted.

Scheid moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 20, after line 27, insert:

"Sec. 21. [APPLICABILITY.]

Nothing in sections 17 and 18 shall be construed to limit the ability of each house of the legislature to act as judge of the election returns and eligibility of its own members."

The motion prevailed and the amendment was adopted.

Dempsey moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 11, lines 6 and 7, delete ", and who does not know the printed matter is false"

Page 11, line 10, delete ", and who does not know the information is false"

The motion prevailed and the amendment was adopted.

Sviggum and Jensen moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 1, line 15, delete the new language and insert "Article 3 applies".

Page 1, line 15, strike "apply"

Page 1, line 22, after the period insert "Chapter 211A does not apply to elections for school board membership."

Page 3, line 10, delete "school"

Page 3, line 11, delete "district."

A roll call was requested and properly seconded.

The question was taken on the Sviggum and Jensen amendment and the roll was called. There were 61 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lieder	Poppenhagen	Swenson
Anderson, R.	Gruenes	McDonald	Quist	Thiede
Bauerly	Hartle	McEachern	Redalen	Tjornhom
Bennett	Haukoos	McKasy	Reding	Tunheim
Bertram	Heap	McPherson	Rice	Uphus
Boo	Hugoson	Miller	Richter	Valento
Carlson, D.	Jennings	Neuenschwander	Schafer	Waltman
Cooper	Jensen	Olson, K.	Schoenfeld	Wenzel
Dauner	Johnson, R.	Omann	Seaberg	Winter
DeBlicke	Johnson, V.	Onnen	Sparby	
Dempsey	Kalis	Ozment	Stanius	
Dille	Kelso	Pelowski	Steensma	
Forsythe	Kludt	Peterson	Sviggum	

Those who voted in the negative were:

Battaglia	Himle	Long	Osthoff	Simoneau
Beard	Jacobs	Marsh	Otis	Skoglund
Begich	Jefferson	McLaughlin	Pappas	Solberg
Bishop	Johnson, A.	Milbert	Pauly	Trimble
Blatz	Kahn	Minne	Quinn	Vanasek
Brown	Kelly	Munger	Rest	Vellenga
Burger	Kinkel	Murphy	Riveness	Voss
Carlson, L.	Knickerbocker	Nelson, C.	Rukavina	Wagenius
Carruthers	Knuth	Nelson, D.	Sarna	Welle
Clark	Kostohryz	Nelson, K.	Scheid	Wynia
Clausnitzer	Krueger	O'Connor	Schreiber	Spk. Norton
Greenfield	Larsen	Ogren	Segal	
Gutknecht	Lasley	Olsen, S.	Shaver	

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

Sviggum and Jensen moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 8, after line 34, insert:

"Sec. 13. [EFFECTIVE DATE.]

The provisions of this article shall not be applicable to school district elections held prior to January 1, 1988."

The motion prevailed and the amendment was adopted.

Clausnitzer moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 20, line 21, delete "candidates or workers" and insert "actress/models"

Page 20, line 22, delete "a reasonable number of persons or"

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

Neuenschwander and Jennings moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 9, line 34, before the period insert "except candidates in partisan elections may state their political party affiliation, either in total or abbreviated, in any paid advertisement, whether or not endorsed by that political party or any other political unit of that political party"

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander and Jennings amendment and the roll was called. There were 66 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Krueger	Pauly	Solberg
Anderson, R.	Frerichs	Marsh	Pelowski	Stanjus
Bauerly	Gruenes	McDonald	Poppenhagen	Steensma
Bennett	Gutknecht	McKasy	Quist	Sviggum
Bertram	Hartle	McPherson	Redalen	Swenson
Bishop	Haukoos	Miller	Richter	Thiede
Blatz	Himle	Morrison	Riveness	Tjornhom
Boo	Hugoson	Neuenschwander	Rose	Tompkins
Carlson, D.	Jennings	Olson, K.	Schafer	Tunheim
Clausnitzer	Jensen	Omman	Seaberg	Uphus
Dauner	Johnson, V.	Onnen	Shaver	Valento
Dempsey	Kinkel	Ozment	Simoneau	Waltman
Forsythe	Kludt	Pappas	Skoglund	Wenzel
				Winter

Those who voted in the negative were:

Battaglia	Burger	Clark	Greenfield	Jefferson
Beard	Carlson, L.	Cooper	Heap	Johnson, A.
Begich	Carruthers	DeBlicke	Jacobs	Johnson, R.

Kahn	Lieder	Nelson, K.	Quinn	Segal
Kalis	Long	O'Connor	Reding	Sparby
Kelly	McBachern	Ogren	Rest	Trimble
Kelso	McLaughlin	Olsen, S.	Rice	Vanasek
Knickerbocker	Milbert	Olsen, E.	Rodosovich	Vellenga
Knuth	Minne	Orenstein	Rukavina	Voss
Kostohryz	Munger	Osthoff	Sarna	Wagenius
Larsen	Murphy	Otis	Scheid	Wynia
Lasley	Nelson, C.	Peterson	Schreiber	

The motion prevailed and the amendment was adopted.

Jensen and Gutknecht moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 4, line 7, delete "\$500" and insert "\$1,000"

The motion prevailed and the amendment was adopted.

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

H. F. No. 236, as amended, was read for the third time.

#### MOTION FOR RECONSIDERATION

Tompkins moved that the action whereby H. F. No. 236, as amended, was read for the third time be now reconsidered. The motion did not prevail.

H. F. No. 236, A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1986, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1986, chapter 210A.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 103 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dempsey	Himle	Kelso
Battaglia	Burger	Dille	Hugoson	Kinkel
Bauerly	Carlson, D.	Frederick	Jacobs	Kludt
Begich	Carlson, L.	Frerichs	Jennings	Knickerbocker
Bennett	Clark	Greenfield	Jensen	Knuth
Bertram	Clausnitzer	Gutknecht	Johnson, A.	Kostohryz
Bishop	Cooper	Hartle	Johnson, R.	Krueger
Blatz	Dauner	Haukoos	Johnson, V.	Larsen
Boo	DeBlieck	Heap	Kalis	Lieder

Long	Olsen, S.	Rest	Skoglund	Vanasek
Marsh	Olson, E.	Riveness	Solberg	Vellenga
McEachern	Olson, K.	Rose	Sparby	Voss
McKasy	Orenstein	Rukavina	Stanius	Wagenius
McLaughlin	Otis	Sarna	Steensma	Waltman
Miller	Ozment	Scheid	Sviglum	Welle
Minne	Pappas	Schoenfeld	Swenson	Wenzel
Nelson, C.	Pauly	Schreiber	Tjornhom	Winter
Nelson, D.	Pelowski	Seaberg	Trimble	Wynia
Neuenschwander	Peterson	Segal	Tunheim	Spk. Norton
O'Connor	Price	Shaver	Uphus	
Ogren	Reding	Simoneau	Valento	

Those who voted in the negative were:

Anderson, R.	Jefferson	Milbert	Poppenhagen	Rodosovich
Beard	Kelly	Munger	Quinn	Schafer
Carruthers	Lasley	Murphy	Quist	Thiede
Forsythe	McDonald	Omann	Redalen	Tompkins
Gruenes	McPherson	Onnen	Richter	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

There being no objection, the order of business reverted to Reports of Standing Committees.

## REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 1, A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing duties for the community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the Minnesota public finance authority; changing the membership of the Minnesota job skills partnership board; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; providing a program for revitalization of the cities of St. Paul and Minneapolis; creating a program for funding economic development projects in the taconite tax relief area; permitting investment of earnings of the northeast Minnesota economic protection trust in venture capital enterprises; appropriating money; amending Minnesota Statutes 1986, sections 15.039, by adding a subdivision; 16A.80, subdivision 2a; 41A.01;

41A.02, subdivisions 3, 4, 6, 11, and by adding subdivisions; 41A.05, subdivisions 1 and 2; 41A.08; 116.16, subdivisions 2, 4, 5, 9, and by adding subdivisions; 116.18, subdivisions 2a and 3a; 116J.36, subdivisions 2, 3b, 3c, 8, 8a, and 11; 116J.37, subdivision 1, and by adding a subdivision; 116J.955, subdivisions 1 and 2; 116L.03, subdivision 2; 281.17; 298.292; 298.296, subdivision 2; 462.384, subdivision 7; 462.385, subdivisions 1 and 3; 462.386, subdivision 1; 462.387, subdivisions 1, 3 and 4; 462.39, subdivisions 2 and 3; 462.391, subdivisions 2, 3 and 4; 462.395; 462.396, subdivision 1; 462.398; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 41A; 93; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 116.167; 116J.951; 116J.961; 116J.965; 116M.01; 116M.02; 116M.03; 116M.04; 116M.05; 116M.06; 116M.07; 116M.08; 116M.09; 116M.10; 116M.11; 116M.12; 116M.13; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; 472.13, subdivisions 2, 3, and 4; and Laws 1969, chapters 833 and 984.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## “ARTICLE 1

### AGRICULTURAL DEVELOPMENT BOARD

Section 1. Minnesota Statutes 1986, section 41A.01, is amended to read:

#### 41A.01 [PURPOSE.]

Sections 41A.01 to 41A.06 ~~41A.08~~ provide a framework for an agricultural ~~resource loan guaranty~~ development program, the purposes of which are to further the development of the state's agricultural resources and rural areas, improve the market for its agricultural products, further the promotion, attraction, encouragement, retention, and development of economically sound industry and commerce in rural areas, and promote economic development within the state. All credit advanced pursuant to loan guaranty commitments is to be secured by subrogation of the state to mortgage security and other security interests granted to the private lender, in proportion to the amount advanced by the state. A ~~loan guaranty~~ board is established to investigate the feasibility of each project, its conformity to public policy and to environmental standards, the qualifications of the owners, operators, and lenders, and the nature and extent of the security, prior to commitment. The board shall also seek to secure financial participation by private



persons not supported by the guaranty, to assure that in these respects each project satisfies and will continue to satisfy criteria which are adequate in the judgment of the board.

Sec. 2. Minnesota Statutes 1986, section 41A.02, subdivision 3, is amended to read:

Subd. 3. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT BOARD; BOARD.] "Agricultural resource loan guaranty development board" or "board" means the commissioner of finance as chair, the commissioner of agriculture, the commissioner of commerce, the commissioner of energy trade and economic development, and the director of the pollution control agency, the president of the Greater Minnesota Corporation and a member appointed by the Greater Minnesota Corporation board.

Sec. 3. Minnesota Statutes 1986, section 41A.02, subdivision 4, is amended to read:

Subd. 4. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT FUND; GUARANTY FUND.] "Agricultural resource loan guaranty development fund" or "guaranty fund" means the fund created by section 41A.05.

Sec. 4. Minnesota Statutes 1986, section 41A.02, subdivision 5, is amended to read:

Subd. 5. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT PROGRAM; PROGRAM.] "Agricultural resource loan guaranty development program" or "program" includes all projects, loan guaranties and bonds approved or issued pursuant to this chapter.

Sec. 5. Minnesota Statutes 1986, section 41A.02, subdivision 6, is amended to read:

Subd. 6. [AGRICULTURAL RESOURCE PROJECT; PROJECT.] "Agricultural resource project" or "project" means (1) any facility, or portion of a facility, located in the state which is operated or to be operated primarily for the production from agricultural resources of marketable products; (2) buildings, equipment, and land used for the commercial production of agricultural resources; (3) a facility or portion of a facility used to commercially produce fish or fish products from commercially-produced fish; or (4) real or personal property used or useful in connection with a revenue-producing enterprise, or a combination of two or more revenue-producing enterprises engaged in a business whether or not for profit, if the properties are not located within a city of the first class.

The land in clause (2) is limited to land on which the buildings and equipment are located and immediately surrounding land used for storage, waste disposal, and other functions directly related to the commercial production of agricultural resources at a facility. The land in clause (2) does not include land used for the growing or raising of crops or the grazing of livestock other than poultry.

A project includes a facility or portion of a facility for mixing or producing substances to be mixed with other substances for use as a fuel or as a substitute for petroleum or petrochemical feedstocks.

Sec. 6. Minnesota Statutes 1986, section 41A.02, subdivision 11, is amended to read:

Subd. 11. [LENDER.] "Lender" means any a corporation or an investment or commercial banking institution, savings and loan institution, insurance company, investment company, or other financial institution or institutional investor making, purchasing, or participating in a loan or any part of a loan or a public entity authorized to make agricultural loans.

Sec. 7. [41A.021] [SUCCESSOR STATUS.]

The board is the legal successor in all respects of the agricultural resource loan guaranty board created by Laws 1984, chapter 502, article 10, and all bonds, resolutions, contracts, and liabilities of the agricultural resource loan guaranty board are the bonds, resolutions, contracts, and liabilities of the board as renamed and reconstituted by section 41A.02, subdivision 3.

Sec. 8. [41A.022] [POWERS.]

In addition to the other powers granted by this chapter, the board may:

- (1) sue and be sued;
- (2) acquire, hold, lease, and transfer any interest in real and personal property for its corporate purposes;
- (3) sell at public or private sale a note, mortgage, or other instrument or obligation evidencing a loan;
- (4) obtain insurance against any loss in connection with its property in the amounts and from the insurers the board determines to be necessary or desirable;
- (5) obtain municipal bond insurance, letters of credit, surety obligations, or other similar agreements from financial institutions;

(6) enter into other agreements or transactions, without regard to chapter 16B, the board considers necessary or appropriate to carry out the purposes of this chapter with any federal or state agencies, political subdivisions of the state, and other persons, firms, or corporations;

(7) establish and collect fees without regard to chapter 14 or section 16A.128;

(8) accept appropriations, gifts, grants, and bequests;

(9) use money received from any source for any legal purpose or program of the board; and

(10) participate in loans for agricultural resource projects in accordance with section 9.

#### Sec. 9. [41A.035] [LOAN PARTICIPATION.]

The board may participate in loans made to finance agricultural resource projects by purchasing from a lender up to 75 percent of the amount of an eligible loan. If the loan participated in is \$500,000 or less, the loan may be for 80 percent of the cost of the project. If the loan participated in exceeds \$500,000, the loan may not exceed 80 percent of the cost of the project. The lender shall service the loan or cause it to be serviced in a manner that equally protects the lender's and the board's interests.

Sec. 10. Minnesota Statutes 1986, section 41A.04, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] (a) Any applicant may file a written application with the state commissioner of energy and economic development on behalf of the board, to be considered by the agricultural resource loan guaranty board, for a guaranty by the state of a portion of a loan or for issuance of bonds for an agricultural resource project. In general, the application must provide information similar to that required by an investment banking or other financial institution considering such a project for debt financing. Specifically, each application must include in brief but precise form the following information, as supplied by the applicant, the borrower, or the lender:

(1) a description of the scope, nature, extent, and location of the proposed project, including the identity of the borrower and a preliminary or conceptual design of the project;

(2) a description of the technology to be used in the project and the prior construction and operating experience of the borrower with such projects;

(3) a detailed estimate of the items comprising the total cost of the project, including escalation and contingencies, with explanation of the assumptions underlying the estimate;

(4) a general description of the financial plan for the project, including the mortgage and security interests to be granted for the security of the guaranteed loan or the bonds, and all sources of equity, grants, or contributions or of borrowing the repayment of which is not to be secured by the mortgage and security interests, or, if so secured, is expressly subordinated to the guaranteed loan;

(5) an environmental report analyzing potential environmental effects of the project, any necessary or proposed mitigation measures, and other relevant data available to the applicant to enable the board to make an environmental assessment;

(6) a list of applications to be filed and estimated dates of approvals of permits required by federal, state, and local government agencies as conditions for construction and commencement of operation of the project;

(7) an estimated construction schedule;

(8) an analysis of the estimated cost of production of and market for the product, including economic factors justifying the analysis and proposed and actual marketing contracts, letters of intent, and contracts for the supply of feedstock;

(9) a description of the management experience of the borrower in organizing and undertaking similar projects;

(10) pro forma cash flow statements for the first five years of project operation including income statements and balance sheets;

(11) a description of the borrower's organization and, where applicable, a copy of its articles of incorporation or partnership agreement and bylaws;

(12) the estimated amount of the loan or bonds and percentage of the guaranty requested, the proposed repayment schedule, and other terms and conditions and security provisions of the loan;

(13) an estimate of the amounts and times of receipt of guaranty fees, sales and use taxes, property tax increments, and any other governmental charges which may be available for the support of the state guaranty agricultural development fund as a result of the construction of the project, with an analysis of the assumptions on which the estimate is based;

(14) a copy of any lending commitment issued by a lender to the borrower;

(15) a statement from the lender, if identified, as to its general experience in financing and servicing debt incurred for projects of the size and general type of the project, and its proposed servicing and monitoring plan; and

(16) additional information required by the board.

(b) The applicant shall pay upon filing of the application a fee equal to .25 percent of the amount of the loan guaranty or bond requested. The fee shall be paid to the commissioner of finance and deposited in the general fund. If the board determines not to issue a commitment for the project, the fee shall be refunded to the applicant, less the board's cost of processing, reviewing, and evaluating the application. If the board issues a commitment for the project and the application fee exceeds the board's cost of processing, reviewing, and evaluating the application, the balance shall be transferred from the general fund to the project account in the guaranty fund and credited against the amount of the commitment fee required in section 41A.03, subdivision 3, clause (j). The county or rural development finance authority may require the proposed borrower under the project to pay the application fee.

(e) If the application is made by an applicant other than the county or rural development finance authority and tax increment financing is to be used for the project, the application must include a copy of a resolution adopted by the governing body of the county or rural development finance authority in which the project is located. The resolution must authorize the use of tax increment financing for the project as required by section 41A.06, subdivision 5.

Sec. 11. Minnesota Statutes 1986, section 41A.05, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF FUND.] For the purpose of developing the state's agricultural resources by extending credit on real estate security, The agricultural resource loan guaranty development fund is established as a special and dedicated fund to be held and invested separately from all other funds of the state. All money appropriated to the fund, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source which may be credited to the fund pursuant to law or pursuant to the terms of grants, contributions, or contracts are appropriated and shall remain available for the purposes of the fund until those purposes have been fully accomplished. The board may maintain or establish within the guaranty agricultural development fund reserve funds, project accounts, or other restrictions it determines necessary or appropriate to carry out the purposes of this chapter. Except as otherwise provided in this section, the fund may be used only for

paying amounts due under loan guaranties and principal and interest assistance contracts entered into by the state, pursuant to the agricultural resource loan guaranty program. The board may enter into pledge and escrow agreements or indentures of trust with a trustee for the purposes of maintaining the accounts. The board may use the fund to pay administrative costs and expenses of the program, including the personnel costs of positions in the approved complement of the department of trade and economic development serving as staff to the board.

Sec. 12. Minnesota Statutes 1986, section 41A.05, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] (a) ~~Subject to section 16A.80, upon application pursuant to section 41A.04,~~ The board by resolution may exercise the powers of a rural development authority under sections 362A.01 to 362A.05 and the powers of a municipality under chapter 474 for the purposes of ~~providing money to pay the costs of a project financing one or more projects,~~ including the issuance of bonds and the loan application of the bond proceeds and investment income pursuant to a lease, loan, loan guaranty, loan participation, or other agreement. The bonds must be issued, sold, and secured on the terms and conditions and in the manner determined by resolution of the board. ~~Sections Section 16A.80 and 474.23 do does~~ not apply to the bonds.

Notwithstanding subdivision 1, a reserve established for the bonds provided by the borrower, including out of bond proceeds, may be deposited and held in a separate account in the guaranty agricultural development fund and applied to the last installments of principal or interest on the bonds, subject to the reserves being withdrawn for any purpose permitted by subdivision 1. The board may by resolution or indenture pledge any or all amounts in the guaranty agricultural development fund, including any reserves and investment income on amounts in the fund, to secure the payment of principal and interest on any or all series of bonds, upon the terms and conditions as provided in the resolution or indenture. To the extent the board deems necessary or desirable to prevent interest on bonds from becoming subject to federal income taxation, (1) the amounts in the guaranty agricultural development fund shall be invested in obligations or securities with restricted yields and (2) the investment income on the amounts are released from the pledge securing the bonds or loan guaranty and appropriately applied to prevent taxation.

(b) Bonds issued pursuant to this chapter are not general obligations of the state or the board. The full faith and credit and taxing powers of the state and the board are not and may not be pledged for the payment of the bonds. No person may compel the levy of a tax for the payment or compel the appropriation of money of the state or the

board for the payment of the bonds, except as specifically provided in this chapter.

(c) The issuance of bonds pursuant to this subdivision is subject to sections 474.18 to 474.25. For purposes of sections 474.16 474A.01 to 474.20 474A.21, the board is a local issuer and may apply for allocations of authority to issue private activity obligations and may enter into an agreement for the issuance of obligations by another issuer.

### Sec. 13. [INSTRUCTIONS TO REVISOR.]

Subdivision 1. The revisor of statutes is directed to change the words "agricultural resource loan guaranty fund" and "guaranty fund" wherever they appear in Minnesota Statutes to "agricultural development fund" in the next and subsequent editions of the statutes.

Subd. 2. The revisor of statutes is directed to change the words "agricultural resource loan guaranty board" and "agricultural resource loan guaranty program" wherever they appear in Minnesota Statutes to "agricultural development board" and "agricultural development program" in the next and subsequent editions of the statutes.

## ARTICLE 2

### GREATER MINNESOTA CORPORATION

Section 1. Minnesota Statutes 1986, section 11A.24, is amended by adding a subdivision to read:

Subd. 8. [GREATER MINNESOTA CORPORATION.] The state board of investment may, subject to the provisions of subdivision 3, invest in bonds or notes issued or guaranteed by the Greater Minnesota Corporation, the greater Minnesota finance authority, or any other subsidiary of or entity administered by the Greater Minnesota Corporation.

### Sec. 2. [16A.105] [RESEARCH LINE ITEMS REQUIRED.]

The commissioner of finance shall establish budget line items that specifically identify funds used for scientifically and technologically related research and development.

Sec. 3. Minnesota Statutes 1986, section 116J.951, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Sec. 4. Minnesota Statutes 1986, section 116J.951, is amended by adding a subdivision to read:

Subd. 5. [BOARD.] "Board" means the board of the Greater Minnesota Corporation created in section 15.

Sec. 5. Minnesota Statutes 1986, section 116J.951, is amended by adding a subdivision to read:

Subd. 6. [PRESIDENT.] "President" means the president of the Greater Minnesota Corporation.

Sec. 6. Minnesota Statutes 1986, section 116J.955, is amended to read:

#### 116J.955 [RURAL REHABILITATION REVOLVING FUND.]

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.~~

Subd. 2. [EXPENDITURE OF INVESTMENT INCOME FUND.] ~~The commissioner council 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 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.~~

Subd. 3. [TRANSFER OF AUTHORIZED RECORDS TO COMMISSIONER BOARD.] The authority, assets, books, and records held by the Minnesota rural rehabilitation corporation and later by the state executive council under Public Law Number 499, 81st Congress, May 3, 1950, is transferred to the commissioner corporation.



Sec. 7. Minnesota Statutes 1986, 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~~ Greater Minnesota Corporation. The council shall consist of one representative from each of the state's development regions, including the seven-county metropolitan area, and the ~~commissioner~~ president.

Sec. 8. Minnesota Statutes 1986, section 116J.961, subdivision 5, is amended to read:

Subd. 5. [COUNCIL STAFF.] (a) The ~~commissioner~~ board shall employ, ~~with the concurrence of the council, an executive director staff~~ experienced in public administration and rural development issues. The ~~executive director is not a member of the council, but president and corporation staff shall perform duties the council may require in carrying out its responsibilities. The executive director's position is in the unclassified service.~~

(b) ~~The commissioner shall employ professional staff, clerical help, and other necessary employees upon the recommendation of the council and the executive director. Support staff shall serve in the classified civil service. The commissioner corporation shall also provide materials and administrative help necessary for the council's activities including personnel, budget, payroll, and contract administration.~~

Sec. 9. Minnesota Statutes 1986, section 116J.961, subdivision 6, is amended to read:

Subd. 6. [EXPENSES OF COUNCIL.] The ~~commissioner corporation~~ shall pay for the expenses of the council, the council staff, and the council's programs ~~from the appropriation under section 116J.955, subdivision 1.~~

Sec. 10. Minnesota Statutes 1986, section 116J.961, subdivision 8, is amended to read:

Subd. 8. [ADMINISTRATION OF ANNUAL INVESTMENT INCOME FROM THE RURAL REHABILITATION REVOLVING FUND.] (a) The council shall administer the rural rehabilitation revolving fund by:

(1) administering a rural development grant program including the establishment of grant eligibility criteria, solicitation and review of grant applications, and determination of projects to be funded;

(2) developing priorities for state projects and activities related to rural development;

(3) providing technical help and rural development information services to state agencies, regional agencies, special districts, local governments, and interested citizens;

(4) preparing an annual budget and work program, and a biennial budget;

(5) preparing an annual report for the state office of the farmers home administration, United States Department of Agriculture outlining program activities and expenditures from the trust fund; and

(6) reporting to the house agriculture and senate agriculture and natural resources committees by January 31 of each year on the grants, projects, and activities of the council.

(b) The ~~commissioner~~ corporation shall make agreements or contracts to distribute grant funds to projects selected by the council.

Sec. 11. Minnesota Statutes 1986, section 116J.961, subdivision 10, is amended to read:

Subd. 10. [BUDGET.] The ~~commissioner~~ corporation's board shall review and approve a biennial budget prepared by the council and submit it to the governor and the legislature for approval as part of the biennial budget process.

Sec. 12. [116N.01] [CITATION.]

Sections 12 to 27 may be cited as the "Greater Minnesota Corporation act."

Sec. 13. [116N.02] [PURPOSE.]

It is the intent of this legislation to ensure the development of new products, processes, and services that have the potential to contribute to the state's economy, particularly in nonmetropolitan areas. For these purposes, the Greater Minnesota Corporation is established to foster economic growth in Minnesota through cooperative research and development and investments in new products and businesses. It is the intention of the legislature to create the Greater Minnesota Corporation as a public corporation.

Sec. 14. [116N.03] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to chapter 116N.

Subd. 2. [AUTHORITY.] "Authority" means the greater Minnesota finance authority established in section 19.

Subd. 3. [CORPORATION.] "Corporation" means the Greater Minnesota Corporation.

Subd. 4. [CORPORATION BOARD.] "Corporation board" means the board of directors of the Greater Minnesota Corporation.

Subd. 5. [FINANCIAL INSTITUTION.] "Financial institution" means a bank, bank or trust company, trust company, mortgage company, credit union, mortgage banker, national banking association, savings bank, savings association, savings and loan association, building and loan association, insurance company, securities broker-dealer, financial organizations relating to commercial credit or venture capital, or a lender certified by the secretary of housing and urban development or by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration or any other financial or lending institution, whether organized under federal law or the laws of any state of the United States, and whether located within or without this state.

Subd. 6. [FUND.] "Fund" means the greater Minnesota fund established by section 25.

Subd. 7. [GREATER MINNESOTA.] "Greater Minnesota" means the area of the state not included in the definition of area in section 473F.02, subdivision 2.

Subd. 8. [INSTITUTE.] "Institute" means a regional research institute created in section 20.

Sec. 15. [116N.04] [CORPORATION CREATED; BOARD OF DIRECTORS; PURPOSE AND DUTY.]

Subdivision 1. [CREATION; NAME.] The Greater Minnesota Corporation is created as a public corporation. 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 the name "Greater Minnesota Corporation."

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 11 directors appointed by the governor to six-year terms. The governor shall make the initial appointments. As the terms of the initial appointees expire, appointments must be made by the board. The board may determine the compensation of its members. Directors shall be considered public officials for the purposes of section 10A.07.

Subd. 3. [INTEREST IN CONTRACT; PENALTY.] A director, employee, or officer of the corporation, subsidiary of the corporation or an organization selected under section 18 who is authorized by the corporation to take part in any manner in making any sale, lease, or contract in their official capacity are "public officers" for the purpose of section 471.87.

Subd. 4. [CONTRIBUTIONS TO PUBLIC OFFICIALS; DISCLOSURE.] Each director shall, when appointed, file a statement with the ethical practices board disclosing the nature, amount, date, and recipient of any contribution made to a public official, political committee, political fund, or political party, as defined in chapter 10A, that:

(1) was made within the four years preceding appointment to the Greater Minnesota board; and

(2) was subject to the reporting requirements of chapter 10A.

The statement must be updated quarterly during the director's term to reflect contributions made to public officials during the appointed director's tenure.

Subd. 5. [ARTICLES AND BYLAWS.] The corporation board shall adopt articles of incorporation and bylaws necessary for the conduct of the business of the corporation consistent with the provisions of this chapter. The articles and bylaws must be filed with the secretary of state.

Subd. 6. [PLACES OF BUSINESS.] The corporation board shall locate and maintain the corporation's places of business within the state.

Subd. 7. [MEETINGS AND ACTIONS OF THE BOARD.] The corporation board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Meetings of the corporation board, institute boards, the governor's council on rural development, the greater Minnesota finance authority, and the research advisory board are subject to the provisions in section 471.705 except when information or data described in subdivision 8 is discussed.

Subd. 8. [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 12 to 27,

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 corporation board authority or employees of the corporation and applicants or other persons or entities regarding assistance or proposed assistance, and any investigative data obtained by the corporation board or authority, or employees of the corporation in relation to the assistance under sections 12 to 27;

(3) security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1, disclosed to members of the corporation board authority, or employees of the corporation pursuant to sections 12 to 27.

Sec. 16. [116N.05] [CORPORATE PERSONNEL.]

Subdivision 1. [GENERALLY.] The corporation board shall appoint and set the compensation for a president and may appoint subordinate officers. The corporation board may designate the president as its general agent. Subject to the control of the corporation board, the president shall employ employees and agents as the president deems necessary. The staff of the corporation must include individuals knowledgeable in commercial and industrial financing, research and development, economic development, and general fiscal affairs. The corporation 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 corporation board, may participate in the state retirement plan and the state deferred compensation plan for employees in the unclassified service and an insurance plan administered by the commissioner of employee relations.

Subd. 3. [CONTRIBUTIONS TO PUBLIC OFFICIALS; DISCLOSURE.] The president shall, when employed, file a statement with the ethical practices board disclosing the nature, amount, date, and recipient of any contribution made to a public official which:

(1) was made within the four years preceding employment with the greater Minnesota board; and

(2) was subject to the reporting requirements of chapter 10A.

The statement must be updated quarterly during the president's employment to reflect contributions made to public officials during the president's tenure.

## Sec. 17. [116N.06] [CORPORATE POWERS.]

Subdivision 1. [CORPORATE POWERS; GENERALLY.] The corporation board shall have all powers necessary to accomplish the purposes of sections 12 to 27. These include, but are not limited to, the powers granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11; 12; 13 except that the corporation may not act as a general partner in any partnership; 14; 15; 16; 17; 18; 20 but limited to the transactions described in section 302A.501, subdivision 1, clause (b); and 22.

Subd. 2. [ADDITIONAL POWERS.] In addition to powers granted in subdivision 1, the corporation may:

- (1) obtain insurance;
- (2) provide and commit to provide mortgage insurance on terms and conditions the corporation board or its designee may deem advisable;
- (3) provide advisory, consultative, training and educational services, technical assistance, and advice to any person, firm, partnership, or corporation, either public or private, or any community, in order to carry out the purposes of sections 12 to 27 and may charge fees for this service or assistance;
- (4) accept gifts, grants, and bequests and use or dispose of them for its purposes; and
- (5) spend money from the greater Minnesota fund, and other money appropriated for purposes including expenses for the food, lodging, and travel of consultants and speakers hired by the board, publications, advertising, and promotional activities; to its projects, operations, properties, and facilities.

Subd. 3. [DESIGNATED POWERS.] The board may designate any of the powers granted in subdivision 1 to the greater Minnesota finance authority established in section 19, or the individual research institution boards established in section 20.

## Sec. 18. [116N.07] [CHALLENGE GRANT PROGRAM.]

Subdivision 1. [ORGANIZATION.] The corporation board shall provide challenge grants to regional organizations to encourage private investment, provide jobs for low-income persons, and promote economic development in the rural areas of the state.

Subd. 2. [FUNDING REGIONS.] The corporation board shall divide greater Minnesota into six regions. The regions' boundaries

must be coterminous with the boundaries of one or more of the development regions established under section 462.385.

Subd. 3. [CHALLENGE GRANT PROGRAM ADMINISTRATION.] The corporation board shall establish a challenge grant account for each of the six regions. Challenge grant funds must be used for revolving loans and equity investments authorized under this section. The corporation board shall select nonprofit corporations to administer the challenge grant programs using the selection criteria in subdivision 4.

Subd. 4. [SELECTION OF ORGANIZATION TO ADMINISTER CHALLENGE GRANT PROGRAM.] The corporation board shall select at least one organization for each region to be responsible for administering the challenge grant programs and shall enter into grant agreements with the organizations. An organization is eligible to administer a challenge grant program if it is a nonprofit corporation and it can demonstrate that:

(1) its board of directors includes citizens experienced in rural development, including members of the regional development commissions, and representatives from the different geographic areas in the challenge grant program region;

(2) it has the technical skills to analyze projects;

(3) it is familiar with other available public and private funding sources and economic development programs;

(4) it has the capability to package economic development projects; and

(5) it has the capability to establish and administer a revolving loan program.

Subd. 5. [REVOLVING LOAN FUND.] Each organization responsible for administering a challenge grant program shall provide loans from the challenge grant account to businesses in greater Minnesota to promote economic development in areas including technologically innovative industries, value added manufacturing, agriprocessing, information industries, and agricultural marketing. Each organization shall establish a regional revolving loan fund certified by the board, and shall process loan applications as provided in subdivision 6. The amount of state money allocated for each revolving loan is appropriated from the appropriate challenge grant account to the organization's regional revolving loan fund when the organization's board gives final approval for each loan.

Subd. 6. [LOAN CRITERIA AND PRIORITY.] (a) In processing a loan application, an organization responsible for administering a

challenge grant program shall give priority to proposed borrowers who are not likely to undertake the project without assistance from the challenge grant program. Loans must be used for projects designed to principally benefit low-income persons through the creation of job opportunities for such persons. Loans may be used for capital assets and working capital. Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonstate money leveraged by the revolving loan. The minimum revolving loan is \$5,000 and the maximum is \$100,000. The amount of state money appropriated from the challenge grant fund may not exceed 50 percent for each revolving loan. The amount of nonpublic money must equal at least 50 percent for each revolving loan. With the approval of the corporation board, a revolving loan may be used to provide up to 50 percent of the private investment required to qualify for grants from the economic recovery fund. A revolving loan may not exceed 25 percent of the total project cost of an individual project. A revolving loan may not be used for a retail development project.

(b) The corporation board shall establish a minimum interest rate for revolving loans to ensure that necessary management costs are covered.

(c) Money repaid to the challenge grant program must remain in the regional revolving loan fund for further distribution by the organization responsible for administering the challenge grant program.

(d) Administrative expenses must be paid out of the interest earned on revolving loans or from fees that the organizations may charge to businesses applying for loans.

(e) A business applying for a loan must be sponsored by a resolution of the governing body of the local government unit having jurisdiction over the area within which the project is located. For the purposes of this subdivision, "local government unit" means a home rule charter or statutory city when the project is located in an incorporated area, a county when the project is located in an unincorporated area or an American Indian tribal government when the project is located in a federally recognized American Indian Reservation or community.

Subd. 7. [EQUITY INVESTMENTS.] The corporation board may allow a specific amount of the challenge grant account designated to each region to be used for the purpose of acquiring equity interests in new or existing businesses located in greater Minnesota. The organizations responsible for administering challenge grant programs may acquire equity investments in new or expanding businesses located in greater Minnesota. The organizations may also invest in qualified regional investment organizations. A qualified



regional investment organization is a corporation or fund organized and located within the designated region which conducts a lending and investment program consistent with the goals of the challenge grant program.

Subd. 8. [DUTIES OF CHALLENGE GRANT ADMINISTRATION ORGANIZATION.] The organization responsible for administering a challenge grant program may contract with other regional development authorities to carry out all or part of its duties. The organization shall:

(1) submit an annual report to the corporation board, the governor, and the legislature by February 15 of each year that includes, at least, a description of projects supported by the program, an account of all loans made during the calendar year, the source and amount of all money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the corporation board.

Sec. 19. [116N.08] [GREATER MINNESOTA FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The greater Minnesota finance authority is created to provide financial assistance to individuals and businesses on behalf of the corporation.

Subd. 2. [APPOINTMENT.] The authority shall have 11 members. The president of the corporation and two members of the corporation board shall serve on the authority. Eight members shall be appointed by the corporation board. Members of the authority should have extensive experience in business development, finance, banking, or venture capital. Terms and removal of members of the authority shall be set by the corporation board. Members of the authority shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. Members of authority shall be considered public officials for the purposes of section 10A.07.

Subd. 3. [STAFFING.] The corporation may provide staff to assist the authority in carrying out its duties. The corporation may contract with an individual or for-profit or nonprofit organization to provide staff to the authority.

Subd. 4. [FINANCIAL ASSISTANCE.] The authority may provide financial assistance from the fund to individuals, businesses, and profit or nonprofit organizations. Financial assistance includes, but is not limited to, loan guarantees or insurance, direct loans, grants,

interest subsidy payments, participation in loan packages, and equity financing.

Subd. 5. [STANDARDS.] The corporation board may establish minimum interest rates, security requirements, restrictions on the amount of authority financial participation in a project, and other standards and restrictions that the authority must follow in providing financial assistance.

Subd. 6. [PREFERENCE.] In providing financial assistance, the authority must give preference to individuals, businesses, or organizations that are starting or expanding their operations in greater Minnesota.

Sec. 20. [116N.09] [REGIONAL RESEARCH INSTITUTES.]

Subdivision 1. [ESTABLISHMENT.] The corporation board may establish up to four regional research institutes in greater Minnesota. The corporation board shall locate each institute adjacent to a post-secondary education institution whose focus is comparable to the mission of the institute.

Subd. 2. [PURPOSE.] The purpose of the institutes is to provide applied research and development services to individuals, businesses, and for-profit or nonprofit organizations for the purposes of developing the region's economy through the utilization of the region's resources and through the development of technology in the region. Research and development services may include on-site research, product development grants, testing of production techniques and product quality, marketing and business management assistance, and feasibility studies.

Subd. 3. [INSTITUTE BOARD.] Each regional research institute is administered by a nine member institute board. The board for each institute consists of one Greater Minnesota Corporation board member, the president of the corporation, two representatives of public post-secondary institutions in the area surrounding the institute, and five public members appointed by the corporation board. Each institute board shall elect a chair and other board officers as it deems fit from its membership. Members of each board shall serve without compensation but shall receive their necessary and actual expenses.

Subd. 4. [INSTITUTE ADMINISTRATION.] The board for each regional research institute must appoint an institute director to manage the operation of the institute. An institute board may contract with post-secondary education governing boards for research services of post-secondary institution staff, facilities, or equipment. The director may directly hire staff for the institutes.

Subd. 5. [RESEARCH CONTRACTS.] The board of each institute may enter into contracts with individuals, businesses, and organizations to provide research and development assistance at institute facilities or at other sites where appropriate. The corporation board is to establish contract guidelines.

Subd. 6. [PRODUCT DEVELOPMENT GRANTS.] The board of each institute may provide product development grants to those individuals, businesses, or organizations that, without financial assistance, would not be able to undertake the development of a product or technology-related service. The corporation board is to establish criteria for determining what individuals, businesses, or organizations are eligible to receive product development grants.

Subd. 7. [DESIGNATED RESEARCH INSTITUTE.] The agricultural utilization research institute established in section 21 is designated as one of the regional research institutes.

Sec. 21. [116N.10] [AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.]

Subdivision 1. [ESTABLISHMENT.] The corporation must establish an agricultural utilization research institute to promote the establishment of new markets and the expansion of existing markets for the state's agricultural commodities and products. The agricultural utilization research institute is one of the regional institutes authorized in section 20.

Subd. 2. [DUTIES.] In addition to the duties and powers assigned to the institutes in section 20, the agricultural utilization research institute and its board have the following additional duties:

(1) identify the various market segments characterized by Minnesota's agricultural industry, address the individual needs of each segment, and identify development opportunities in each segment;

(2) develop and implement a utilization program for each segment that addresses the development needs of that segment and identifies techniques that might meet those needs;

(3) coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses and individuals; and

(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research that would promote the development of the various agricultural industries.

Subd. 3. [STAFF.] The corporation shall provide staff to the agricultural utilization research institute and assist in carrying out the duties of the agricultural utilization research institute. The corporation may contract with an organization or individual to provide all or a portion of the staff services required by the agricultural utilization research institute.

Subd. 4. [ADVISORY BOARD.] A 36-member advisory board is established to identify priorities for the agricultural utilization research institute. The advisory board shall consist of: the chair of the Minnesota house of representatives agricultural committee; the chair of the Minnesota senate agricultural committee; a representative from each of the 20 largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers' Union; and a member of the Farm Bureau.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be undertaken by the agricultural utilization research institute.

Sec. 22. [116N.11] [RESEARCH ADVISORY BOARD.]

Subdivision 1. [ESTABLISHMENT.] The corporation board shall establish a research advisory board to provide advisory assistance to the corporation board, the research institute boards, and the rural finance authority.

Subd. 2. [APPOINTMENT.] The research advisory board shall consist of 11 members appointed by the corporation board. Terms and removal of members shall be set by the board and research advisory board members shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. The membership of the advisory board must have representatives that are experienced or have expertise in technology, applied research, agriculture, business, labor, and productivity.

Subd. 3. [DUTIES.] The research advisory board has the following duties and responsibilities:

(a) Identify specific areas where research and development will contribute to the productivity of the state's businesses and farms.

(b) Determine specific areas where financial assistance for research and development could assist the development of businesses and create new employment opportunities.

(c) Advise the corporation board in the development and establishment of the regional research institutes and the research grants to public and private post-secondary education institutions.

(d) Advise public and private post-secondary education institutions on the research and development needs of businesses in Minnesota.

(e) Review the applications and make recommendations to the corporation board for research grants to public and private post-secondary education institutions.

(f) Develop guidelines for an effective peer review process for evaluating scientifically or technologically related financial assistance. The research advisory board must consider the guidelines recommended by the committee on science and technology research and development under article 3, section 8, subdivision 6.

Sec. 23. [116N.12] [RESEARCH GRANTS TO EDUCATION UNITS.]

The corporation board may make matching grants to public and private post-secondary education institutions or units within those institutions, including the natural resource research institute, for applied research and development. Grants are to be made for projects which will likely result in assisting economic and employment development in greater Minnesota. The corporation board shall not give final approval to a research grant until it has received an evaluation and recommendation from the research advisory board established in section 22.

Sec. 24. [116N.13] [INFORMATION ASSISTANCE.]

The corporation board or its designee must provide individuals, businesses, and organizations with information relating to federal, state, and local economic development programs. The corporation board must divide greater Minnesota into regions and have its own staff or its contracted organization's staff located in each of these regions to provide information assistance required in this section. The corporation board may contract with organizations, including but not limited to, regional development commissions, to provide the assistance under this section in each of the regions. The corporation's or designated organization's assigned staff to this function must have knowledge of existing private and federal, state, and local economic development programs and work in conjunction with existing programs including state agency programs, the university extension service, and the small business development centers.

Sec. 25. [116N.14] [GREATER MINNESOTA FUND.]

(a) The greater Minnesota fund is a separate account in the state treasury. The corporation board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the fund's purposes. Money in the fund may be deposited in an institution designated as a depository for state funds under section 9.031. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund may be used as provided in this chapter.

(b) The fund consists of:

- (1) all appropriations made to the corporation;
- (2) all fees and charges collected by the corporation;
- (3) income from investments and purchases;
- (4) all revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; and
- (5) all gifts, donations, and bequests made to the corporation.

Sec. 26. [116N.15] [AUDITS.]

The corporation board shall contract with a certified public accounting firm to audit the corporation and any subsidiary annually in accordance with generally accepted accounting standards.

The books and records of the corporation, the governor's council on rural development, the greater Minnesota finance authority, challenge grant organizations, regional research institutes, the research advisory board, and any other subsidiary, fund, or entity to be administered or governed by the corporation are subject to audit without previous notice by the legislative auditor.

Sec. 27. [116N.16] [REPORTS.]

The corporation shall report to the legislature and the governor on its activities by January 1 of each year.

Sec. 28. [DEVELOPMENT PLAN.]

The board of directors of the Greater Minnesota Corporation shall prepare a comprehensive development plan and submit it to the governor and the legislature by November 15, 1987. The development plan must include at least the following:

- (1) operating procedures;

- (2) accounting procedures;
- (3) grant procedures;
- (4) loan procedures;
- (5) personnel procedures and salaries for corporate personnel;
- (6) investment procedures; and
- (7) board conduct and ethics.

In addition, the development plan must include a budget proposal and a five-year plan. It must identify sources and amounts of available nongovernmental money and the purposes for which that money may be used, and it must suggest any further legislation that may be necessary to carry out the development plan.

Sec. 29. [INITIAL APPOINTMENTS.]

Notwithstanding section 15, subdivision 2, the governor shall appoint the initial members of the board of directors of the Greater Minnesota Corporation as follows: four to six-year terms, four to four-year terms, and three to two-year terms.

Sec. 30. [VENTURE CAPITAL STUDY.]

The Greater Minnesota Corporation shall study the effect and the possible administrative and legal structure of the establishment of a for-profit venture capital corporation. This venture capital corporation would be capitalized by a state appropriation that in turn would be converted into shares of stock owned by every resident of the state. This corporation would invest only in Minnesota companies or production facilities located in the state with a preference to ventures that utilize the state's resources and intermediate products and services. The venture capital corporation would invest in local capital venture pools that are managed by experienced private venture capital firms and this corporation would only provide investment capital for product development and start-up business development. The venture capital corporation would target its investment capital to products and businesses that reduce costs to the state's residents and government jurisdictions such as products that improve resource efficiency or products that improve the independence of the physically disabled.

The study may be completed directly by the Greater Minnesota Corporation or the corporation may contract with a business, state agency, organization, or individual to complete the study. The study must include the examination of at least the following:

(1) the anticipated demand for venture capital that meets the investment criteria of the venture capital corporation;

(2) an estimation of the start-up costs of the venture capital corporation;

(3) an estimation of on-going administrative costs of the venture capital corporation including shareholder related costs;

(4) the most appropriate legal structure for the venture capital corporation including recommendations for the enabling legislation for the corporation;

(5) an estimation of the potential additional investment through stock purchases by Minnesota residents;

(6) an inventory of experienced and interested local venture capital firms that the corporation would utilize in distributing its venture capital; and

(7) an analysis of the type of products that meet the investment criteria of the venture capital corporation.

The Greater Minnesota Corporation shall submit the study to the legislature and the governor by January 15, 1988.

#### Sec. 31. [DISSOLUTION.]

In the event of dissolution of the Greater Minnesota Corporation for any reason, the state of Minnesota, upon action by the governor, and after consultation with the legislative advisory commission, may require the liquidation of all holdings and investments and the return of the proceeds of that liquidation and any wholly-owned assets of the corporation to the state, in exchange for the assumption of all outstanding obligations of the corporation.

If the corporation is dissolved, or certain of its functions transferred to another entity, the assets and liabilities and property associated with the dissolved or transferred functions must return to the state or to the entity designated by law.

#### Sec. 32. [APPROPRIATION.]

\$3,500,000 is appropriated from the general fund to the greater Minnesota fund established in section 25 to carry out the purposes of sections 15 to 31. \$2,500,000 of this appropriation is for the agricultural utilization research institute established in section 21. This appropriation is available until expended.

#### Sec. 33. [TRANSFER.]



\$2,500,000 is transferred from the money appropriated in Laws of Minnesota 1987, chapter 15, section 10 for program B, to the greater Minnesota fund established in section 25 to carry out the purpose of sections 15 to 31. Any remaining unencumbered balance in the appropriation for the program authorized in Laws of Minnesota 1987, chapter 15, on June 30, 1989 is transferred to the greater Minnesota fund established in section 25 to carry out the purposes of sections 15 to 31.

Sec. 34. [EFFECTIVE DATE.]

Sections 1 to 31 are effective the day following final enactment.

### ARTICLE 3

#### DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1986, section 15.01, is amended to read:

##### 15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of education; the department of jobs and training; the department of energy trade and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; the department of public service; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 2. Minnesota Statutes 1986, section 116J.01, is amended to read:

##### 116J.01 [DEPARTMENT OF ~~ENERGY~~ TRADE AND ECONOMIC DEVELOPMENT.]

Subdivision 1. [APPOINTMENT.] The department of energy trade and economic development ~~shall be~~ is supervised and controlled by the commissioner of energy trade and economic development, who ~~shall be~~ is appointed by the governor and ~~serve~~ serves under the ~~provisions~~ of section 15.06.

Subd. 2. [CONFIDENTIAL SECRETARY.] The commissioner may appoint a confidential secretary in the unclassified service.

Subd. 3. [DEPARTMENTAL ORGANIZATION.] The commissioner shall organize the department as provided in section 15.06. The department shall be organized into four divisions, ~~which shall be designated as the energy business promotion and marketing division, the community development division, the economic development policy analysis division, the Minnesota trade office division, and the financial management division; and one office, the office of tourism.~~ Each division and office is responsible for administering shall administer the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the commissioner may establish and revise the assignments of each division and office. Each division shall be is under the direction of a deputy commissioner in the unclassified service. The office of tourism is under the direction of a director of tourism in the unclassified service. The governor shall appoint the director of tourism.

Sec. 3. Minnesota Statutes 1986, section 116J.03, is amended to read:

116J.03 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in chapter 116J, the terms defined in this section have the meaning given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Subd. 3. [DEPARTMENT.] "Department" means the department of energy trade and economic development.

Sec. 4. [116J.874] [COMMUNITY DEVELOPMENT DIVISION.]

The community development division shall:

(1) be responsible for developing a community-based approach for economic development;

(2) be responsible for administering and staffing all state community development and assistance programs including the economic recovery fund and the outdoor recreation grant program;

(3) be responsible for state administration of federally funded community development and assistance programs including the small cities development grant program and land and water conservation program;

(4) provide technical assistance to rural communities in the area of community development in cooperation with regional development commissions;

(5) coordinate the development and review of state agency rural development policies;

(6) provide staff and consultant services to the rural development board; and

(7) be responsible for coordinating community assistance and development programs in cooperation with regional development commissions.

Sec. 5. [116J.8741] [RURAL DEVELOPMENT BOARD.]

Subdivision 1. [CREATION.] The legislature finds that it is in the public interest to coordinate and encourage community and economic development in the rural areas of the state. The rural development board is created to assist in developing a strategy for promoting rural development in the state.

Subd. 2. [MEMBERSHIP.] The board consists of the commissioner of trade and economic development; the commissioner of jobs and training; the commissioner of agriculture; the president of the Greater Minnesota Corporation; the chair of the Minnesota association of counties; the chair of the Minnesota association of townships; the president of the league of Minnesota cities; the chair of the association of regional development commissions; the state director of vocational technical education; the chancellor of the state university board; the chancellor of the state board of community colleges; and the president of the University of Minnesota. The governor shall appoint five additional members from the general public to the board. Two of the public members must be members of farm organizations. One public member must represent the interests of business and one public member must represent the interests of organized labor. The governor shall take geographic interests and representation into account in the selection of public board members.

Subd. 3. [MEMBERSHIP TERMS.] The membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in section 15.0575.

Subd. 4. [CHAIR; OTHER OFFICERS.] The commissioner of trade and economic development shall serve as chair of the board. The board may elect other officers as is necessary from its members.

Subd. 5. [ADVISORY TASK FORCES; COMMITTEES.] The board may establish advisory task forces or committees to advise or assist

the board in identifying and working with rural development issues. Persons on a task force or committee may not receive per diem but may be reimbursed for expenses.

Subd. 6. [STAFF; EXPENSES.] The department of trade and economic development shall provide staff, consultant support, materials, and administrative services necessary to the board's activities. The commissioner shall pay for the expenses of the board.

Subd. 7. [DUTIES.] The board has the following duties:

(a) The board, with the assistance of department staff, shall investigate and evaluate new methods to enhance rural development, particularly relating to economic diversification through private enterprises, including technologically innovative industries, value-added manufacturing, agriprocessing, information industries, and agricultural marketing.

(b) The board shall review and comment on the mineral resources program to the department of natural resources.

(c) The board shall review the services provided by state agencies, including the post-secondary education systems, to rural businesses and communities and make recommendations to the agency and the legislature that would enhance those services.

(d) The board shall prepare, with the assistance of department staff and other state agency staff, the rural investment guide required by subdivision 8.

(e) The board shall submit an annual report to the legislature by January 31 of each year. The report shall include a review of rural development in the state, an evaluation of rural development initiatives, and recommendations concerning state support for rural development.

Subd. 8. [RURAL INVESTMENT GUIDE.] The board shall prepare and adopt, after appropriate study and public hearings as necessary, a comprehensive rural investment guide for the state, consisting of policy statements, objectives, standards, and program criteria to guide state agencies in the creation and implementation of programs relating to rural development. The guide must recognize and encompass both the community and economic needs and resources of rural Minnesota and provide a plan to coordinate and allocate public and private resources to the rural areas of the state.

Sec. 6. [116J.8742] [MAIN STREET PROGRAM.]

The commissioner shall develop and administer a main street program to assist cities in the revitalization of their businesses. The

purpose of the program is to strengthen local organization and local management of business districts so that cities become more self-reliant and not dependent on future state financial assistance. The staff dedicated for this program shall assist cities that request assistance in the following manner:

(1) improving the organization of a city's business district including the leadership skills of business owners and city officials;

(2) establishing a marketing strategy to promote a city's business district to residents of the surrounding trade area;

(3) providing technical assistance in the design and rehabilitation of buildings in a city's business district including historic preservation; and

(4) establishing a strategy to strengthen existing businesses, recruit new businesses, diversify the mix of businesses, and develop vacant property in a city's business district.

Sec. 7. Minnesota Statutes 1986, section 116M.04, is amended to read:

116M.04 [COMMUNITY DEVELOPMENT CORPORATIONS.]

Subdivision 1. For the purposes of this section, the following terms shall have the meanings given them:

Subd. 1a. "Authority" "Commissioner" means the energy commissioner of trade and economic development authority, formerly known as the small business finance agency.

Subd. 2. "Economic development region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.

Subd. 3. "Federal poverty level" means the income level established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2-2.

Subd. 4. "Low income" means an annual income below the federal poverty level.

Subd. 5. The authority commissioner shall administer this section and shall enforce the rules related to the community development corporations promulgated by the authority commissioner. The authority commissioner may amend, suspend, repeal or otherwise modify these rules as provided for in chapter 14.

Subd. 6. The ~~authority~~ commissioner shall designate a community development corporation as eligible to receive grants pursuant to this section if the corporation:

(a) Is a nonprofit corporation incorporated under chapter 317 or a federally recognized American Indian tribal government;

(b) Designates in its articles of incorporation or bylaws or a tribal constitution a specific geographic community within which it will operate. At least ten percent of the population within the designated community must have low income. Within the metropolitan area as defined in section 473.121, subdivision 2, a designated community shall be an identifiable neighborhood, or a combination of neighborhoods or home rule charter or statutory cities, townships, unincorporated areas or combinations thereof. Outstate designated communities shall to the extent possible not cross existing economic development boundaries;

(c) Limits voting membership to residents of the designated community;

(d) Has a board of directors with 15 to 30 members, unless the corporation can demonstrate to the authority that a smaller or larger board is more advantageous. At least 40 percent of the directors shall have incomes that do not exceed 80 percent of the county median family income and are not greater than 80 percent of the statewide median family income, as determined by the state demographer, and the remaining directors shall be members of the business or financial community and the community at large. At least 60 percent of the directors shall be residents of the designated community, and to the greatest extent possible directors shall be residents of the designated community. The directors who must meet the income limitations of this paragraph shall be elected by the members of the corporation, and the remaining directors may be elected by the members of the corporation or selected by the directors who must meet the income limitations of this paragraph; and

(e) Hires low income residents of the designated community to fill nonmanagerial and nonprofessional positions; and

(f) Demonstrates that it has or will have the technical skills to analyze projects, is familiar with other available public and private funding sources and economic development programs, and has the capability to package economic development projects.

Subd. 7. The ~~authority~~ commissioner shall approve a grant to a community development corporation only for a project carried on within the designated community, except when the corporation demonstrates that a project carried on outside will have a significant impact inside the designated community.

Subd. 8. The authority commissioner may approve a grant to a community development corporation for planning, including organization of the corporation, training of the directors, creation of a comprehensive community economic development plan, and development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, or development of resources or facilities necessary for the establishment of a business venture.

Subd. 8a. The energy and economic development authority commissioner shall be named as an assignee of the rights of a state-funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights shall provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the energy and economic development authority commissioner shall be deposited into the economic development fund to be used for the purposes as set out in this chapter general fund.

Subd. 9. Factors considered by the authority commissioner in approving a grant to a community development corporation should include the creation of employment opportunities, the maximization of profit and the effect on securing money from sources other than the state.

Subd. 10. Grants under this section shall not be available for programs conducted by churches or religious organizations or for securing or developing social services.

Subd. 11. A person shall not be excluded from participation in a program funded pursuant to this section because of race, color, religion, sex, age or national origin.

Sec. 8. [116J.971] [COMMITTEE ON SCIENCE AND TECHNOLOGY RESEARCH AND DEVELOPMENT.]

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

(a) "Committee" means the committee on science and technology research and development established in subdivision 2.

(b) "Agency" means any state agency, commission, board authority, or post-secondary educational institution that has received money from the state through an appropriation, transfer, or grant.

Subd. 2. [COMMITTEE CREATED; MEMBERSHIP QUALIFICATIONS.] There is created a committee on science and technology research and development, which consists of:

- (1) a chair appointed by the governor to a four-year term;
- (2) eight members appointed by the governor to six-year terms;
- (3) one member appointed by the speaker of the house of representatives at the beginning of each biennium to a two-year term;
- (4) one member appointed by the minority leader of the house of representatives at the beginning of each biennium to a two-year term;
- (5) one member appointed by the majority leader of the senate at the beginning of each biennium to a two-year term; and
- (6) one member appointed by the minority leader of the senate at the beginning of each biennium to a two-year term.

The members of the committee must be qualified in at least one of the following four areas: academic and applied research, the administration of research, the review of research processes, and the management and development of technology intensive companies.

Subd. 3. [COMPENSATION.] Members of the committee and the ad hoc advisory committees authorized under subdivision 5 shall receive no compensation but shall be paid their expenses under section 15.059, subdivision 6.

Subd. 4. [DUTIES OF THE COMMITTEE.] The committee shall have the following duties:

- (1) establish guidelines that any agency may use in allocating state grant or loan money for scientifically and technologically related research and development projects. These guidelines must address assessments of emerging technologies and those technologies that provide significant promise for the development of job-creating businesses;
- (2) provide an analysis of the efficacy and completeness of the decentralized research peer review processes mandated in subdivision 6, with special emphasis on whether or not scientifically and technologically related research and development projects in Minnesota are in conformance with the guidelines established in this subdivision, and whether or not the scientifically and technologically related research and development projects have or will result in creating scientifically and technologically related jobs;



(3) advise all agencies on the preparation of the analysis required by clause (2);

(4) approve the assignment of ad hoc advisory committees on science and technology research and development as needed; and

(5) review and comment upon, if the committee considers it to be necessary, the reports of the ad hoc advisory committees and forward the reports to the commissioner of trade and economic development and other interested parties.

Subd. 5. [AD HOC ADVISORY COMMITTEES.] To perform the duties required by subdivision 3, the committee may, from time to time, approve the creation and use of ad hoc advisory committees composed of three to 15 members each. The commissioner shall determine those persons in the state technically qualified for service on ad hoc advisory committees and keep a roster of the names of those persons. Members of the committee may be ad hoc committee members, but members of the committee may not be a majority of an ad hoc committee.

Subd. 6. [PEER REVIEW PROCESS.] An agency that funds scientifically and technologically related research or provides financial assistance to scientific or technologically related businesses shall establish a peer review system to evaluate the research and emerging technologies and those technologies that provide significant promise for the development of job creating businesses. The committee shall recommend guidelines for establishing effective peer review. An agency that funds scientifically and technologically related research shall, at least biennially, present to the committee or to ad hoc committees, as determined by the committee, a review and evaluation of the peer review process used in that agency.

Subd. 7. [AUTHORITY TO PERFORM REQUESTED EVALUATIONS.] The governor, any commissioner or director of a state agency, speaker of the house of representatives, minority leader of the house of representatives, senate majority leader, senate minority leader, chair of the house appropriations committee, chair of the senate finance committee, or any member of the legislature considering the introduction or approval of legislation containing funding for scientifically and technologically related research and development, may request the committee to evaluate a loan or grant made or to be made or the proposed legislation for funding scientifically and technologically related research and development to determine (i) whether it complies with the guidelines required by subdivision 4; (ii) whether it is technically feasible; and (iii) for development proposals, whether the proposal appears to have the potential for economic development. Ad hoc committees may be appointed by the permanent committee to perform these reviews.

Subd. 8. [AUTHORITY FOR REVIEW AND COMMENT UPON RESEARCH AND DEVELOPMENT PROGRAMS.] Each agency receiving an appropriation for the funding of scientifically and technologically related research and development shall notify the committee within 30 days of making a loan or grant for scientifically or technologically related research and development. The notice shall contain a copy of the grant or loan application and any contract or agreement under which the loan or grant was made. The committee must review scientifically and technologically related research funded by an agency to assess whether or not the research and development is conducted in accordance with the guidelines required by subdivision 4. The committee's assessment shall be sent to the legislature on or before January 15 of every odd-numbered year.

Subd. 9. [COMMITTEE STAFF.] The commissioner shall provide those staff members in the classified and unclassified services necessary to perform the functions of the committee.

#### Sec. 9. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the words "commissioner of energy and economic development" and "department of energy and economic development" wherever they appear in Minnesota Statutes to "commissioner of trade and economic development" and "department of trade and economic development" in the next and subsequent editions of the statutes.

#### Sec. 10. [TRANSFER.]

The responsibilities of the state planning agency in regard to the main street program and the community improvement program are transferred to the department of trade and economic development. Section 15.039 applies to this transfer.

### ARTICLE 4

#### EDUCATION AND TRAINING PROGRAMS

##### Section 1. [136A.125] [SUPPLEMENTAL GRANTS TO DISPLACED RURAL WORKERS.]

Subdivision 1. [PROGRAM; ELIGIBILITY.] (a) The higher education coordinating board shall establish and administer the state supplemental education grant program to assist displaced workers in rural areas of the state in paying the costs of attending public, post-secondary educational institutions in the state. The board shall develop policies and procedures for the administration of grants,

including the allocation of funds to public post-secondary institutions.

(b) Only state 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 must 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.

(c) 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 1987-1989 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. 2. [136C.043] [CUSTOMIZED RURAL TRAINING PROGRAM.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section: (a) "low-income" means equal to or below the nonmetropolitan median household income; (b) "principally" means at least 51 percent; and (c) "greater Minnesota" means the area of the state not included in the definition of area in section 473F.02, subdivision 2.

Subd. 2. [TRAINING PROGRAM.] The state board of vocational technical education may provide customized training for new or expanding businesses located in greater Minnesota if the projects are designed to principally benefit low-income persons. Expenses incurred in training for a specific business must be matched by that business. The match may be in the form of money, personnel, or equipment necessary for training. The state director shall determine the equity of a proposed match and ensure that it is of value to the state.

Subd. 3. [NEW BUSINESS SET-ASIDE.] The board may set aside up to 50 percent of the amount available for the training program to provide customized training grants for new businesses locating in greater Minnesota. A set-aside grant may not be made for a business located within the state that relocates to greater Minnesota. Any amount left in the set-aside program at the end of the 1988 fiscal year may be used for the customized training program established in subdivision 2.

Sec. 3. [APPROPRIATION.]

\$250,000 is appropriated from the general fund to the higher education coordinating board for the state supplemental education grant program established in section 2, to be available until expended. The board may spend up to \$500,000 of any projected unobligated balance in 1988-1989 agency appropriations for the grant program in section 1.

Sec. 4. [APPROPRIATION.]

\$250,000 is appropriated from the general fund to the board of vocational technical education for the customized training program established in section 2.

ARTICLE 5

NATURAL RESOURCES

Section 1. [93.001] [POLICY FOR MINERAL DEVELOPMENT.]

It is the policy of the state to provide for the diversification of the state's mineral economy through long-term support of mineral exploration, evaluation, development, production, and commercialization.

Sec. 2. [93.002] [MINERAL COORDINATING COMMITTEE.]

Subdivision 1. [ESTABLISHMENT.] The mineral coordinating committee is established to plan for diversified mineral development. The mineral coordinating committee consists of the director of the minerals division of the department of natural resources, the director of the Minnesota geological survey, the director of the University of Minnesota mineral resources research center, and the director of the natural resources research institute. The director of the minerals division of the department of natural resources shall serve as chair. A member of the committee may designate another person of the member's organization to act in the member's place. The commissioner of natural resources shall provide staff and administrative services necessary for the committee's activities.

Subd. 2. [MINERAL DIVERSIFICATION PLAN.] The mineral coordinating committee shall prepare and adopt a ten-year plan for mineral diversification. The plan must include a strategy to:

- (1) increase the knowledge of the state's mineral potential;
- (2) stimulate the development of mineral resources in the state; and
- (3) provide for basic minerals research.

The plan must also include a two-year plan that establishes funding priorities for the minerals programs under subdivision 3. The funding priorities must be updated every two years.

Subd. 3. [MINERALS PROGRAMS.] The mineral diversification plan must consider at least the following: aeromagnetic surveys, glacial till geochemistry surveys, geologic drilling and mapping, LMIC minerals data base, drill core examination and assay, industrial minerals characterization and research, bedrock geochemistry, nonferrous minerals research, reclamation studies, economic evaluation of mineral resources, improved geophysical and remote sensing base, acquisition of sampling equipment and analyses, determination of mineral rights ownership, ferrous minerals research, evaluation of mineral resource occurrence, evaluation of value-added processes, ore deposit modeling, and basic mineral research.

Subd. 4. [SUBMISSION OF PLAN AND FUNDING PRIORITIES.] (a) The minerals coordinating committee shall submit the minerals diversification plan to the legislature by December 31, 1987.

(b) By January 15 of each odd-numbered year, the minerals coordinating committee shall submit the two-year funding priority plan required under subdivision 2 to the chairs of the house appropriations and environment and natural resources committee and the chairs of the senate finance and environment and natural resources committee.

### Sec. 3. [APPROPRIATION.]

Subdivision 1. [MINERALS PROGRAMS.] \$1,000,000 is appropriated from the general fund to the commissioner of natural resources to accelerate geological mapping of the state, accelerate evaluation of the state's mineral potential and other natural resources, and provide analytical support for the minerals industry according to the mineral diversification plan or a minerals industry acceleration plan developed by the minerals coordinating commit-

tee. \$500,000 is for fiscal year 1988 and \$500,000 is for fiscal year 1989.

Subd. 2. [COUNTY FORESTRY ASSISTANCE PROGRAMS.] \$1,000,000 is appropriated from the general fund to the commissioner of natural resources for grants to counties or groups of counties for county forestry assistance programs. \$500,000 is for fiscal year 1988 and \$500,000 is for fiscal year 1989. The commissioner of natural resources shall make the appropriation available to counties with the amount proportional to the acreage of forested tax-forfeited land managed by the county. As a condition of receiving money, the commissioner of natural resources shall require work plans, semiannual progress reports, and final project reports.

## ARTICLE 6

### URBAN NEIGHBORHOOD REVITALIZATION

Section 1. Minnesota Statutes 1986, section 281.17, is amended to read:

#### 281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 27, paragraph (a), or subdivision 22, paragraph (c), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in section 6 and sold to the state at a tax judgment sale shall be two years from the date of sale. The period of redemption for all other lands in a targeted neighborhood as defined in section 6 and sold to the state at a tax judgment sale shall be one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 2. Minnesota Statutes 1986, 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 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. Assessments on property located in a targeted neighborhood as

defined in section 6 do not have to be payable in equal annual installments if the resolution provides for a variable payment. 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. 3. Minnesota Statutes 1986, section 462.445, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers



necessary or convenient to carry out the purposes of sections 462.415 to 462.705 (but not the power to levy and collect taxes or special assessments except as provided in sections 462.515 to 462.545 with respect to redevelopment projects only) including the following powers in addition to others granted in these sections:

(1) To sue and be sued; to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, and from time to time to amend and repeal, rules and regulations not inconsistent with these sections;

(2) To employ an executive director, technical experts, and such officers, agents, and employees, permanent and temporary, as it may require, and determine their qualifications, duties, and compensation; for such legal services as it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies, in its area of operation, such local public bodies, if requested, to make such services available;

(3) To delegate to one or more of its agents or employees such powers or duties as it may deem proper;

(4) Within its area of operation to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) Subject to the provisions of section 462.511, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute such leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take such action, as may be necessary or convenient to carry out the purposes of these sections;

(6) Within its area of operation to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by Minnesota Statutes 1945, chapter 117, and any amendments thereof or supplements thereto, to acquire real property which it may deem necessary for its purposes under these sections, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 462.425 or found to exist by section 462.415, subdivision 5, or is necessary to carry out a redevelopment project as defined in section 462.421, subdivision 13;

(7) Within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) of this subdivision, including by the exercise of the power of eminent

domain, in the manner provided by chapter 117, and without the adoption of a resolution provided for in subdivision 1, clause (6), real property, and to demolish, remove, rehabilitate or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill and construct foundations or otherwise prepare the site for improvements, and to dispose of said property pursuant to section 462.525, provided that the provisions of section 462.525 requiring conformance to an urban renewal plan shall not apply, and to finance such activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 462.545 or by means of contributions from the municipality provided for in section 462.581, clause (9), or by any combination of such means; provided that, real property with buildings or improvements thereon shall only be acquired when the buildings or improvements are substandard; and provided further that the exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this subparagraph, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community.

(8) Within its area of operation to determine the level of income constituting low or moderate family income. Such income level shall be that level below which there is not available within the area of operation a substantial supply of decent, safe and sanitary housing provided by private enterprise without subsidy at prices or rents within the financial means of persons and families of such incomes. The authority may establish various income levels for various family sizes. In making its determination the authority may consider income levels which may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use such determination as a basis for the maximum amount of income for admissions to housing development projects owned or operated by it;

(9) To provide in federally assisted projects such relocation payments and assistance as may be necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto.

#### Sec. 4. [FINDINGS AND PURPOSE.]

The legislature finds that certain neighborhoods in the cities of Minneapolis and Saint Paul are socially and economically distressed

and physically blighted. The distressed and blighted nature of these neighborhoods is an economic and social crisis that affects the social and economic health of Minneapolis and Saint Paul, the metropolitan area, and the entire state. The distressed and blighted nature of these neighborhoods is evidenced by substandard, deteriorating, and vacant housing and commercial properties, declining property values, high crime rates, unemployment, poverty, and other adverse social and economic conditions.

The legislature further finds that the cities of Minneapolis and Saint Paul must build upon their past progress and intensify their efforts to revitalize distressed neighborhoods, and that the cities are unable to bear the sole financial burden for revitalizing their distressed neighborhoods due in part to the declining availability of federal funds and other resources. Therefore, the effort to revitalize distressed neighborhoods must include participation by state government and by organizations and individuals in the private and nonprofit sectors.

The public funds made available by this act should be used primarily to benefit those households with income less than 50 percent of the household median income for the Minneapolis and Saint Paul standard metropolitan statistical area. The two needs that these households require are jobs at sufficient wages to meet living needs and suitable housing at affordable costs. It is therefore a valid purpose for the state to assist the cities to preserve and promote the health, welfare, and safety of its low income citizens by providing funds for the preservation, improvement, expansion, and creation of housing and commercial properties serving, employing, or benefiting low income residents. It is not the purpose of this act to foster destruction of existing housing stock or commercial properties in the absence of plans for the relocation of current residents and replacement of commercial opportunities or lost housing units.

The purpose and intent of the Minneapolis and Saint Paul urban revitalization action act is to provide state assistance to a comprehensive effort by the cities of Minneapolis and Saint Paul to revitalize the most distressed neighborhoods in their cities. It is not the intent of this act to provide state assistance in order to replace funding from sources already available to the city, but rather to provide additional resources for carrying out the purposes of this act.

#### Sec. 5. [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For the purposes of sections 4 to 12, the following terms have the meaning given them.

Subd. 2. [CITY.] "City" means the city of Minneapolis or the city of Saint Paul. For each city, any port authority, housing and redevelopment authority, or other agency or instrumentality, the

jurisdiction of which is the territory of either city, shall be included within the meaning of city.

Subd. 3. [CITY COUNCIL.] "City council" means either the city council of Minneapolis or the city council of Saint Paul.

Subd. 4. [CITY MATCHING FUNDS.] "City matching funds" means the funds of a city specified in a revitalization and financing program to be expended to implement a revitalization program. The sources of city matching funds may include:

(1) money from the general fund or any special fund of a city used to implement a revitalization program;

(2) money paid or repaid to a city from the proceeds of any grant that a city has received from the federal or state government, any profit or nonprofit corporation, or any other entity or individual that are to be used to implement a revitalization program;

(3) tax increments received by a city under sections 273.71 to 273.78 or other law, if eligible, to be expended in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of a revitalization program;

(5) city money to be used to install, reinstall, repair, or improve the infrastructure facilities of a targeted neighborhood;

(6) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

(7) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a revitalization program.

City matching money does not include:

(1) city money used to provide a service or exercise a function that is ordinarily provided throughout the city unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of any revenue bonds issued by the city under chapter 458, 462C, 472, or 474; or

(3) any administrative expenses that are incurred in connection with the planning or implementation of sections 4 to 12.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of trade and economic development.

Subd. 6. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, converted to a nonresidential use, or if the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months prior to the start of rehabilitation.

Subd. 7. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that meet the criteria of section 6, subdivision 2, and any additional area designated under section 6, subdivision 3.

Subd. 8. [TARGETED NEIGHBORHOOD FUNDS.] "Targeted neighborhood funds" means the funds designated in the revitalization program to be used to implement the revitalization program.

Subd. 9. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 7.

#### Sec. 6. [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three requirements:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint

Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this clause if 25 percent or more of the residential dwelling units are in standard condition as determined by the city; or 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] The city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" shall have the meaning determined by the city.

Sec. 7. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1: [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] (a) For each targeted neighborhood for which a city requests state financial assistance under section 8, the city must prepare a comprehensive revitalization and financing program that includes the following:

(1) the revitalization objectives of the city for the targeted neighborhood;

(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low and moderate income families, will alleviate the blighted condition of the targeted neighborhood, or otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur; and

(5) a financing program and budget that identifies the financial resources necessary to implement the revitalization program.

(b) The financing program and budget must include the following items:

(1) the estimated total cost to implement the revitalization program;

(2) the estimated cost to implement each activity in the revitalization program identified in paragraph (a), clause (2);

(3) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 8 to implement the revitalization program;

(4) the estimated amount of the appropriation available under section 8 that will be necessary to implement the revitalization program;

(5) a description of the activities identified in the revitalization program for which the state appropriation will be used and the time or times at which the state appropriation will be committed or spent; and

(6) a statement of how the city intends to meet the requirement for a financial contribution matching the state appropriation from city matching funds in accordance with section 8, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN REVITALIZATION PROGRAM DEVELOPMENT.] The city must develop a process to consult the residents in the targeted neighborhood concerning the development, drafting, and implementation of the revitalization program. The process may include the establishment of an advisory board in each city as provided for in subdivision 3 to assist the city in implementing the urban revitalization action act. The process must include at least one public hearing in addition to any public hearing held by the advisory board.

Subd. 3. [ADVISORY BOARD.] The governing body of the city may establish a seven-member advisory board to assist the city in implementing sections 4 to 12. The advisory board shall consist of one city council member appointed by the city council, one county commissioner appointed by the county board of the county in which the city is located, two legislators appointed by the city legislative delegation, and three residents who reside in a targeted neighborhood appointed by the city council. The advisory board shall advise the city on the preparation of the revitalization program including the conversion from absent-owner rental housing to home ownership, the promotion of commercial and industrial growth in targeted neighborhoods, and the integration of human service programs and the redevelopment in targeted neighborhoods.

Subd. 4. [PRELIMINARY CITY REVIEW; STATE AGENCY REVIEW.] Before adoption of the revitalization program under subdivision 5, the city must submit a draft program to the commissioner and the Minnesota housing finance agency for their comment. The

city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

Subd. 5. [CITY APPROVAL.] The city may adopt the revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days prior to the date of the hearing.

Subd. 6. [PROGRAM CERTIFICATION.] A certification by the city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency.

Subd. 7. [REVITALIZATION PROGRAM MODIFICATION.] The revitalization program may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under subdivision 6, it must implement the revitalization program approval process of subdivisions 2 to 6 for the proposed modification. If the proposed modification will require an increase in the amount of state appropriation available under section 8 for the revitalization program, the commissioner and the Minnesota housing finance agency must be notified and afforded an opportunity to comment on it in accordance with subdivision 4. Any modification to the revitalization program must be certified to the commissioner as provided in subdivision 6.

Subd. 8. [DISPLACEMENT.] In the event the activities of an approved revitalization and financing program cause the direct displacement of households with incomes less than 200 percent of the poverty levels as determined by the United States Department of Health and Human Services, the city shall provide opportunities for all such displaced households to secure standard, affordable replacement housing within the targeted neighborhood in which the displacement occurs.

Sec. 8. [PAYMENT; CITY MATCHING MONEY; DRAWDOWN; USE OF STATE MONEY.]



Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receipt from a city of the certification that a revitalization program has been adopted or modified, the commissioner must, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use under sections 4 to 12.

Subd. 2. [ALLOCATION.] A city may receive a part of the appropriations made available that is the proportion that the population of that city bears to the combined population of Minneapolis and Saint Paul. One city may agree to reduce its entitlement amount so that the other may receive an amount more than its entitlement amount. The population of each city for the purposes of this subdivision is determined according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching money is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING MONEY; DRAWDOWN OF STATE MONEY; RESTRICTION ON USE OF STATE MONEY.] A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to the state appropriation. A city must keep the state money in a segregated fund for accounting purposes. No state money may be used to pay the general administrative expenses of a city that are incurred in connection with the planning or implementation of sections 4 to 12.

**Sec. 9. [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]**

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] A city may exercise any of its corporate powers within a targeted neighborhood including, but not limited to, all of the powers enumerated and granted by Minnesota Statutes, chapters 458, 462, 462C, 472, 472A, and 474. For the purposes of chapter 458, a targeted neighborhood is considered an industrial development district. A city may exercise the powers of chapter 458 in conjunction with, and in addition to, exercising the powers granted by chapters 462 and 462C in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of Minnesota Statutes, section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."

Subd. 2. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city may make grants and loans to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The grants and loans must contain the terms concerning use of money, repayment, and other conditions the city deems proper to implement a revitalization program.

Subd. 3. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD FUNDS.] The city may spend targeted neighborhood money for any purpose authorized by subdivision 1 or 2. Any use of targeted neighborhood money must be authorized by a revitalization program.

#### Sec. 10. [HAZARDOUS BUILDING PENALTY.]

A city may assess a penalty equal to one percent of the assessed value of a building located in a targeted neighborhood defined in section 6 that the city determined to be hazardous as defined in Minnesota Statutes, section 463.15, subdivision 3. If the owner of the building has not paid the penalty within 30 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to Minnesota Statutes, chapters 279, 280, and 281 in the same manner as delinquent property taxes.

#### Sec. 11. [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1988 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 4 to 12. Before spending any state funds to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, and the Minnesota housing finance agency.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in any calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 7, subdivision 1, clause (a), are being achieved. The report must include at least the following:

(a) The number of housing units removed, created, lost, replaced, relocated, and assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report.

(b) The number and type of commercial establishments removed, created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full-time or part-time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments.

(c) A description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created per each \$20,000 of funds expended on commercial projects and applicable public improvement projects.

(d) The increase in the assessed valuation for the city as a result of the assistance to commercial and housing assistance.

(e) The amount of private investment that is a result of the use of public funds in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, and the legislative audit commission, and must be available to the public.

#### Sec. 12. [APPROPRIATION; DISTRIBUTION.]

\$3,000,000 is appropriated from the general fund to the commissioner of energy and economic development for disbursement to the cities of Minneapolis and Saint Paul as provided in section 8, to be available until June 30, 1989.

#### Sec. 13. [EFFECTIVE DATE; LOCAL APPROVAL.]

Sections 4 to 12 are effective for the city of Minneapolis the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis.

Sections 4 to 12 are effective for the city of Saint Paul the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Saint Paul."

Delete the title and insert:

"A bill for an act relating to economic development; rural development; renaming and providing new powers to the agricultural resource loan guaranty board; establishing a mineral resources program; changing a department name to trade and economic

development; establishing a community development division in the department of trade and economic development; establishing the Greater Minnesota Corporation; establishing the rural development board; establishing the customized training program; establishing the state supplemental education grant program; authorizing certain activities and requiring certain studies; establishing an urban neighborhood revitalization program; establishing a committee on science and technology; appropriating money; amending Minnesota Statutes 1986, sections 11A.24, by adding a subdivision; 15.01; 41A.01; 41A.02, subdivisions 3, 4, 5, 6, and 11; 41A.04, subdivision 1; 41A.05, subdivisions 1 and 2; 116J.01; 116J.03; 116J.951, subdivision 2, and by adding subdivisions; 116J.955; 116J.961, subdivisions 1, 5, 6, 8, and 10; 116M.04; 281.17; 429.061, subdivision 2; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16A; 41A; 93; 116J; 136A; and 136C; proposing coding for new law as Minnesota Statutes, chapter 116N."

With the recommendation that when so amended the bill pass.

Carlson, D.; Johnson, V.; Stanius; Forsythe; Miller; Haukoos; Poppenhagen and Seaberg offered a Minority Report to the Majority Report from the Committee on Appropriations relating to S. F. No. 1.

#### POINT OF ORDER

Vanasek raised a point of order pursuant to rule 3.9 that the Minority Report to the Majority Report from the Committee on Appropriations relating to S. F. No. 1 was not in order. The Speaker ruled the point of order well taken and the Minority Report out of order.

Schreiber appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 82 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Jensen	Knuth	Milbert
Battaglia	Cooper	Johnson, A.	Kostohryz	Minne
Bauerly	Dauner	Johnson, R.	Krueger	Munger
Beard	DeBlicke	Kahn	Larsen	Murphy
Begich	Dorn	Kalis	Lasley	Nelson, C.
Bertram	Greenfield	Kelly	Lieder	Nelson, D.
Brown	Jacobs	Kelso	Long	Nelson, K.
Carlson, L.	Jefferson	Kinkel	McEachern	Neuenschwander
Carruthers	Jennings	Kludt	McLaughlin	O'Connor

Ogren	Peterson	Rukavina	Sparby	Welle
Olson, E.	Price	Sarna	Steensma	Wenzel
Olson, K.	Quinn	Scheid	Trimble	Winter
Orenstein	Reding	Schoenfeld	Tunheim	Wynia
Osthoff	Rest	Segal	Vanasek	Spk. Norton
Otis	Rice	Simoneau	Vellenga	
Pappas	Riveness	Skoglund	Voss	
Pelowski	Rodosovich	Solberg	Wagenius	

Those who voted in the negative were:

Bennett	Frerichs	Knickerbocker	Ozment	Shaver
Bishop	Gruenes	Marsh	Pauly	Stanius
Blatz	Gutknecht	McDonald	Poppenhagen	Sviggum
Burger	Hartle	McKasy	Quist	Swenson
Clausnitzer	Haukoos	McPherson	Redalen	Thiede
Dempsey	Heap	Miller	Richter	Tjornhom
Dille	Himle	Olsen, S.	Rose	Tompkins
Forsythe	Hugoson	Omann	Schafer	Valento
Frederick	Johnson, V.	Onnen	Schreiber	Waltman

So it was the judgment of the House that the decision of the Speaker should stand.

The question recurred on the adoption of the Committee Report from the Committee on Appropriations relating to S. F. No. 1. The Committee Report on S. F. No. 1 was adopted.

## SECOND READING OF SENATE BILLS

S. F. No. 1 was read for the second time.

## SPECIAL ORDERS, Continued

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

## GENERAL ORDERS

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

## MOTIONS AND RESOLUTIONS

Kelly moved that the name of Jennings be added as an author on H. F. No. 705. The motion prevailed.

Milbert moved that the names of Osthoff and Orenstein be added as authors on H. F. No. 1297. The motion prevailed.

Jacobs moved that the name of Kelly be added as an author on H. F. No. 1580. The motion prevailed.

Johnson, R., moved that the name of Ogren be added as an author on H. F. No. 1664. The motion prevailed.

Lieder moved that H. F. No. 1554 be recalled from the Committee on Transportation and be re-referred to the Committee on Taxes. The motion prevailed.

Wenzel moved that H. F. No. 1612 be returned to its author. 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. 706:

Kelly, Seaberg and Pappas.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 230:

Uphus, Tunheim and Nelson, C.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1159:

Simoneau, Reding and Knickerbocker.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 785:

Segal, Kelly and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1323:

Bishop, Rest and Carruthers.

## ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Tuesday, May 12, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Tuesday, May 12, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FIFTIETH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MAY 12, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Delton Krueger, House Chaplain.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gruenes	Long	Ozment	Skoglund
Battaglia	Gutknecht	Marsh	Pappas	Solberg
Bauerly	Hartle	McDonald	Pauly	Sparby
Beard	Haukoos	McEachern	Pelowski	Stanius
Begich	Heap	McKasy	Peterson	Steensma
Bennett	Himle	McLaughlin	Poppenhagen	Sviggum
Bertram	Hugoson	McPherson	Price	Swenson
Bishop	Jacobs	Milbert	Quinn	Thiede
Blatz	Jaros	Miller	Quist	Tjornhom
Boo	Jefferson	Minne	Redalen	Tompkins
Brown	Jennings	Morrison	Reding	Trimble
Burger	Jensen	Munger	Rest	Tunheim
Carlson, D.	Johnson, A.	Murphy	Rice	Uphus
Carlson, L.	Johnson, R.	Nelson, C.	Richter	Valento
Carruthers	Johnson, V.	Nelson, D.	Riveness	Vanasek
Clark	Kahn	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kalis	Neuenschwander	Rose	Voss
Cooper	Kelly	O'Connor	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlicke	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludt	Olson, E.	Scheid	Wenzel
Dille	Knickerbocker	Olson, K.	Schoenfeld	Winter
Dorn	Knuth	Omann	Schreiber	Wynia
Forsythe	Kostohryz	Onnen	Seaberg	Spk. Norton
Frederick	Krueger	Orenstein	Segal	
Frerichs	Lasley	Osthoff	Shaver	

A quorum was present.

Larsen was excused until 2:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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.



Anderson, R., and Dille were excused while in conference.

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 939, 1002, 715, 1499, 1645, 236 and 629 and S. F. Nos. 634, 677, 462, 1369 and 1 have been placed in the members' files.

S. F. No. 677 and H. F. No. 701, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Jacobs moved that the rules be so far suspended that S. F. No. 677 be substituted for H. F. No. 701 and that the House File be indefinitely postponed. The motion prevailed.

#### REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 298, A bill for an act relating to hazardous waste; requiring a license for the transportation of hazardous waste; providing for license administration suspension, and revocation; requiring rulemaking; providing penalties; specifying articles which may be carried as household goods; revising fees for certain motor carrier permits and certificates; amending Minnesota Statutes 1986, sections 221.011, subdivision 31; 221.033, by adding a subdivision; 221.061; 221.121, subdivision 7, and by adding a subdivision; 221.131, subdivisions 2 and 3; 221.291, subdivision 3; 221.296, subdivision 5; and 221.60, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 221.

Reported the same back with the following amendments:

Page 1, delete sections 1 and 2

Page 1, after line 30, insert:

"Subdivision 1. [LICENSE REQUIREMENT.] A person may not transport hazardous waste that is required to have a manifest under Minnesota Rules, part 7045.0261, or is required to have shipping papers under Minnesota Rules, part 7045.0125, without a license issued under this section."

Page 2, delete lines 1 to 4

Page 3, line 35, delete "of section 2,"

Page 3, line 36, delete the comma

Page 9, delete lines 7 to 12, and insert:

"Subd. 6a. [HOUSEHOLD GOODS CARRIER.] A person who desires to hold out or to operate as a carrier of household goods shall follow the procedure established in subdivision 1, and shall specifically request an irregular route common carrier permit with authority to transport household goods. The permit granted by the board to a person who meets the criteria established in this subdivision and subdivision 1 shall authorize the person to hold out and to operate as an irregular route common carrier of household goods."

Page 12, after line 7, insert:

"Sec. 13. [APPROPRIATION.]

"\$75,000 in fiscal year 1988 and \$78,000 in fiscal year 1989 is appropriated from the trunk highway fund to the department of transportation to administer and enforce the licensing program established in sections 1 to 3. The complement of the department of transportation is increased by two."

Renumber sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 8, before "amending" insert "appropriating money;"

Page 1, lines 9 and 10, delete "221.011, subdivision 31; 221.033, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 302, A bill for an act relating to health; providing for asbestos regulation; directing the commissioner of health to regulate and license persons or entities enclosing, removing, or encapsulating asbestos; providing for suspension and revocation of

licenses and certificates; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 326.

Reported the same back with the following amendments:

Page 4, line 11, delete "A licensed" and insert "An"

Page 4, line 34, delete "a licensee" and insert "an employer"

Page 4, line 36, delete everything after the period

Page 5, delete lines 1 to 3

Page 5, line 26, delete the comma

Page 5, line 27, delete "before July 1, 1988,"

Page 7, line 35, after the comma insert "the employer does not have a permit," and after the second "or" insert "is not"

Page 9, delete sections 13 and 14 and insert:

"Sec. 13. [APPROPRIATIONS.]

\$23,800 is appropriated from the general fund to the commissioner of health for the purposes of sections 1 to 12, to be available for the fiscal year ending June 30, 1988. \$23,800 must be transferred from the asbestos abatement revolving fund to the general fund on June 30, 1989.

Sec. 14. [EFFECTIVE DATES.]

Sections 1, 2, 3, 6, 9, 10, 12, and 13 are effective July 1, 1987. Sections 4, 5, 7, subdivisions 1 and 2; 8; and 11 are effective on the date on which rules adopted by the commissioner under section 9 become effective. Section 7, subdivisions 3 and 4, are effective April 1, 1988.

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 438, A bill for an act relating to human services; authorizing the commissioner of human services to establish a study

committee on problems of elderly persons with mental retardation or related conditions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [STUDY OF ELDERLY PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Subdivision 1. [STUDY; REPORT.] The commissioner of the department of human services shall study the needs of elderly citizens with mental retardation or related conditions. The study shall include existing programs providing services to this population, including funding and location of services, and the extent to which the services meet the needs of this population.

The study shall be completed in one year. The commissioner shall report to the legislature in 1988 on findings and recommendations, including methods of resolving problems through interagency cooperation.

Subd. 2. [ADVICE TO THE COMMISSIONER.] In performing the duties of subdivision 1, the commissioner shall seek the advice and review of the advisory task force established under Minnesota Statutes, section 252.31.”

Amend the title as follows:

Page 1, line 3, delete “establish a”

Page 1, line 4, delete “committee on problems” and insert “the needs”

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 485, A bill for an act relating to agriculture; strengthening the pesticide laws; imposing penalties; appropriating money; amending Minnesota Statutes 1986, sections 18A.21, subdivisions 1, 4, 5, 7, 8, 10, 12, 16, 19, 20, 21, 22, 23, 27, 29, 30, 31, 32, 33, 34, 35, 36, and by adding subdivisions; 18A.22, subdivisions 1, 2, 5, 7, and 8; 18A.23; 18A.24; 18A.25; 18A.27; 18A.28, subdivisions 1, 2, 3, 4, and by adding a subdivision; 18A.29, subdivisions 1, 3, and by adding subdivisions; 18A.30; 18A.31; 18A.32; 18A.33; 18A.34; 18A.35; 18A.37; 18A.39; 18A.41; 18A.42; 18A.43; 18A.44; and 18A.45; proposing coding for new law in Minnesota Statutes, chapters 18A and 18B; repealing Minnesota Statutes 1986, sections

18A.26; 18A.28, subdivisions 5 and 6; 18A.29, subdivision 2; and 18A.36.

Reported the same back with the following amendments:

Page 12, line 3, delete "\$100" and insert "\$125"

Page 13, line 35, delete "\$100" and insert "\$125"

Page 15, line 6, delete "\$100" and insert "\$125"

Page 39, delete lines 32 to 36

Page 40, delete lines 1 to 6

Page 40, line 7, delete "account by June 30, 1989." and insert:

"Sec. 77. [COMPLEMENT.]"

Page 40, line 8, delete "and the special revenue" and insert ". 18.5 positions in fiscal year 1988 and 22.5 positions in fiscal year 1989 are to be funded from the special revenue fund."

Page 40, delete line 9

Renumber the sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 829, A bill for an act relating to human services; establishing the office of assistant commissioner of mental health; establishing a state advisory council on mental health; creating a mental health division in the department of human services; proposing coding for new law in Minnesota Statutes, chapter 245.

Reported the same back with the following amendments:

Page 1, line 13, after "shall" insert "enforce and"

Page 1, line 14, delete "and enforced"

Page 2, line 6, after "chapter" insert a semicolon

Page 2, delete lines 7 and 8, and insert:

“(4) as part of the biennial budget process, report to the legislature on staff use and staff performance, including in the report a description of duties performed by each person in the mental health division;”

Re-number remaining clauses

Page 3, after line 24, insert:

“(4) one representative from each of the following advocacy groups: Mental Health Association of Minnesota, Minnesota Alliance for the Mentally Ill, and Minnesota Mental Health Law Project;”

Re-number remaining clauses

Page 4, line 5, after “governor” insert “, the legislature.”

Page 4, after line 7, insert:

“(2) advise the commissioner of human services on all phases of the development of mental health aspects of the biennial budget;”

Re-number remaining clauses

Page 4, line 17, after “governor” insert “, the legislature.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 899, A bill for an act relating to education; establishing the Fond du Lac Higher Education Center; continuing the Fond du Lac Higher Education Task Force; appropriating money; amending Laws 1986, First Special Session chapter 1, article 10, section 1, subdivision 9.

Reported the same back with the following amendments:

Page 1, line 13, delete “The”

Page 1, delete line 14

Page 2, line 24, delete "\$800,000" and insert "\$200,000" and after "1988" delete "is" and insert "and \$200,000 in fiscal year 1989 are"

Page 2, after line 27, insert:

"Sec. 4. [REPORTS.]

The state board for community colleges shall report to the appropriations and finance committees of the legislature by January 15, 1988, and January 15, 1989, on the progress of establishing the center. Before this submission, the state board shall submit its reports to the higher education coordinating board for review and comment."

Amend the title as follows:

Page 1, line 4, after the first semicolon insert "requiring reports;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1326, A bill for an act relating to energy; authorizing loans to municipalities for energy conservation investments and authorizing repayment of those loans; authorizing issuance of bonds; appropriating money; amending Minnesota Statutes 1986, sections 116J.37; 275.50, subdivision 5; 471.65; and 475.51, subdivision 4.

Reported the same back with the following amendments:

Page 3, after line 24, insert:

"(c) Public schools shall receive funding priority whenever approvable loan applications exceed available funds."

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 298, 302, 438, 485, 829, 899 and 1326 were read for the second time:

**SECOND READING OF SENATE BILLS**

S. F. No. 677 was read for the second time.

**INTRODUCTION AND FIRST READING  
OF HOUSE BILLS**

The following House Files were introduced:

Wynia, Vanasek, Rodosovich, Greenfield and Anderson, R., introduced:

H. F. No. 1665, A bill for an act relating to health care; establishing the Minnesota board on biomedical ethics; setting its membership; assigning its duties and powers; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Bishop introduced:

H. F. No. 1666, A bill for an act relating to traffic regulations; requiring motorcycle riders to wear protective headgear; amending Minnesota Statutes 1986, section 169.974, subdivision 4.

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

Wenzel introduced:

H. F. No. 1667, A bill for an act relating to public administration; appropriating state money for public purposes during the 1987-1989 biennium, subject to certain conditions; eliminating and consolidating certain state agencies and departments; reducing the appropriations for certain state agencies and departments.

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



## HOUSE ADVISORIES

The following House Advisory was introduced:

McEachern; Nelson, K., and Bauerly introduced:

H. A. No. 36, A proposal to study the impact of seniority laws on school district cooperation.

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. 1071, A bill for an act relating to crimes; criminal sexual conduct; clarifying the definition of "mentally incapacitated"; providing that criminal sexual contact requires sexual or aggressive intent; expanding the definition of coercion; amending Minnesota Statutes 1986, section 609.341, subdivisions 7, 11, and 14.

H. F. No. 1515, A bill for an act relating to public offices; fixing resignation effective dates; prohibiting contingent resignations; permitting the submission and withdrawal of prospective resignations in certain circumstances; providing for appeals in statewide election contests; amending Minnesota Statutes 1986, sections 209.09; 351.01; and 480A.06, subdivision 1.

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. 564, A resolution memorializing the Federal Energy Regulatory Commission; expressing the Legislature's opposition to the installation of additional hydropower generating facilities at the Falls of St. Anthony in Minneapolis, Minnesota.

H. F. No. 624, A bill for an act relating to conciliation courts; providing for entry of judgment; providing for vacation of default

judgment in certain circumstances; providing for time limitation and service by mail on removal to county court; allowing a party to proceed without payment of a filing fee; amending Minnesota Statutes 1986, section 487.30, by adding subdivisions.

H. F. No. 889, A bill for an act relating to local government; providing notice conditions for town road contracts; amending Minnesota Statutes 1986, section 160.17, subdivision 2.

H. F. No. 948, A bill for an act relating to state government; providing for affirmative action improvements; regulating job eligibility lists; providing for the title of state agency heads; giving the commissioner of health access to private or confidential data on individual state employees for purposes of epidemiologic studies; setting a mandatory age for certain employees and abolishing it for others; regulating hiring and personnel practices; amending Minnesota Statutes 1986, sections 15.06, subdivision 1; 15.46; 43A.08, subdivision 1; 43A.13, subdivisions 1 and 7; 43A.18, subdivision 4; 43A.191, subdivision 3; 43A.24, subdivision 2; 43A.30, subdivision 4; 43A.33, subdivision 3; 43A.34, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1986, sections 15.45, subdivision 3; 15.47; and 43A.34, subdivision 2.

PATRICK E. FLAHAVER, 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. 240, A bill for an act relating to commerce; prohibiting surcharges on credit card sales; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 325G.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Sarna moved that the House concur in the Senate amendments to H. F. No. 240 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 240, A bill for an act relating to commerce; prohibiting surcharges on credit card sales; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 325G.

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.	Hartle	McEachern	Pauly	Solberg
Battaglia	Haukoos	McKasy	Pelowski	Sparby
Bauerly	Heap	McLaughlin	Peterson	Stanius
Beard	Himle	McPherson	Poppenhagen	Steensma
Begich	Hugoson	Milbert	Price	Svigum
Bennett	Jacobs	Miller	Quinn	Swenson
Bertram	Jennings	Minne	Quist	Thiede
Bishop	Jensen	Morrison	Redalen	Tjornhom
Blatz	Johnson, A.	Munger	Reding	Tompkins
Boo	Johnson, R.	Murphy	Rest	Trimble
Brown	Johnson, V.	Nelson, C.	Rice	Tunheim
Burger	Kahn	Nelson, D.	Richter	Uphus
Carlson, D.	Kalis	Nelson, K.	Riveness	Valento
Carlson, L.	Kelly	Neuenschwander	Rodosovich	Vanasek
Carruthers	Kelso	O'Connor	Rose	Vellenga
Clark	Kinkel	Ogren	Rukavina	Voss
Cooper	Kludt	Olsen, S.	Sarna	Wagenius
Dauner	Knickerbocker	Olson, E.	Schafer	Waltman
DeBlieck	Knuth	Olson, K.	Scheid	Welle
Dempsey	Kostohryz	Omann	Schoensfeld	Wenzel
Dorn	Krueger	Onnen	Schreiber	Winter
Forsythe	Lasley	Orenstein	Seaberg	Wynia
Frederick	Lieder	Osthoff	Segal	Spk. Norton
Frerichs	Long	Otis	Shaver	
Gruenes	Marsh	Ozment	Simoneau	
Gutknecht	McDonald	Pappas	Skoglund	

Those who voted in the negative were:

Clausnitzer

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. 508, A bill for an act relating to housing; providing for administration of the state's low-income housing credit; authorizing the Minnesota housing finance agency to participate in certain housing construction projects and in certain nonprofit corporations; authorizing the sale or rental of certain housing property; providing definitions; providing for the issuance of certain bonds and notes; amending Minnesota Statutes 1986, sections 462A.03, subdivision 14; 462A.05, subdivisions 14, 21, and by adding subdivisions; 462A.06, subdivisions 7 and 12; 462A.08, subdivisions 1 and 3; and 462A.18, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A.

PATRICK E. FLAHAVERN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Jefferson moved that the House concur in the Senate amendments to H. F. No. 508 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 508, A bill for an act relating to housing; providing for administration of the state's low-income housing credit; authorizing the Minnesota housing finance agency to participate in certain housing construction projects and in certain nonprofit corporations; authorizing the sale or rental of certain housing property; providing definitions; providing for the issuance of certain bonds and notes; amending Minnesota Statutes 1986, sections 462A.03, subdivision 14; 462A.05, subdivisions 14, 21, and by adding subdivisions; 462A.06, subdivisions 7 and 12; 462A.08, subdivisions 1 and 3; and 462A.18, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A.

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.	Gruenes	McDonald	Pappas	Skoglund
Battaglia	Gutknecht	McEachern	Pauly	Solberg
Bauerly	Hartle	McKasy	Pelowski	Sparby
Beard	Haukoos	McLaughlin	Peterson	Stanius
Begich	Heap	McPherson	Poppenhagen	Steensma
Bennett	Himle	Milbert	Price	Sviggum
Bertram	Hugoson	Miller	Quinn	Swenson
Bishop	Jacobs	Minne	Quist	Thiede
Blatz	Jefferson	Morrison	Redalen	Tjornhom
Boo	Jennings	Munger	Reding	Tompkins
Brown	Jensen	Murphy	Rest	Trimble
Burger	Johnson, A.	Nelson, C.	Rice	Tunheim
Carlson, D.	Johnson, R.	Nelson, D.	Richter	Uphus
Carlson, L.	Johnson, V.	Nelson, K.	Riveness	Valento
Carruthers	Kalis	Neuenschwander	Rodosovich	Vanasek
Clark	Kelly	O'Connor	Rose	Vallenga
Clausnitzer	Kelso	Ogren	Rukavina	Voss
Cooper	Kinkel	Olsen, S.	Sarna	Wagenius
Dauner	Kludt	Olson, E.	Schafer	Waltman
DeBlicke	Knickerbocker	Olson, K.	Scheid	Welle
Dempsey	Kostohryz	Omann	Schoenfeld	Wenzel
Dorn	Krueger	Onnen	Schreiber	Winter
Forsythe	Lasley	Orenstein	Seaberg	Wynia
Frederick	Lieder	Osthoff	Segal	Spk. Norton
Frerichs	Long	Otis	Shaver	
Greenfield	Marsh	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. 574, A bill for an act relating to manufactured homes; defining terms; clarifying the termination of a park lease for substantial annoyance to other residents; allowing certain new or amended rule violations to be cured; regulating park closings; requiring an impact report; providing for a public hearing; creating a right of first refusal; clarifying remedies; amending Minnesota Statutes 1986, sections 327C.01, by adding subdivisions; 327C.02, subdivision 5, and by adding a subdivision; 327C.09, subdivisions 1, 4, and 5; and 327C.11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 327C; repealing Minnesota Statutes 1986, section 327C.09, subdivision 9.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Riveness moved that the House concur in the Senate amendments to H. F. No. 574 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 574, A bill for an act relating to manufactured homes; defining terms; clarifying the termination of a park lease for substantial annoyance to other residents; allowing certain new or amended rule violations to be cured; regulating park closings; requiring a closure statement; providing for a public hearing; clarifying remedies; requiring a feasibility study by the metropolitan council; amending Minnesota Statutes 1986, sections 327C.01, by adding subdivisions; 327C.02, subdivision 5, and by adding a subdivision; 327C.09, subdivisions 1, 4, and 5; and 327C.11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 327C; repealing Minnesota Statutes 1986, section 327C.09, subdivision 9.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bertram	Boo	Carlson, D.
Battaglia	Begich	Bishop	Brown	Carlson, L.
Bauerly	Bennett	Blatz	Burger	Carruthers

Clark	Kalis	Morrison	Peterson	Solberg
Clausnitzer	Kelly	Munger	Poppenhagen	Sparby
Cooper	Kelso	Murphy	Price	Stanius
DeBlieck	Kinkel	Nelson, C.	Quinn	Steensma
Dempsey	Kludt	Nelson, D.	Redalen	Sviggum
Forsythe	Knickerbocker	Nelson, K.	Reding	Swenson
Frederick	Knuth	Neuenschwander	Rest	Tjornhom
Greenfield	Kostohryz	O'Connor	Rice	Tompkins
Gruenes	Krueger	Ogren	Richter	Trimble
Gutknecht	Lasley	Olsen, S.	Riveness	Tunheim
Hartle	Lieder	Olsen, E.	Rodosovich	Valento
Haukoos	Long	Olsen, K.	Rukavina	Vanasek
Heap	Marsh	Omman	Sarna	Vellenga
Himle	McDonald	Onnen	Scheid	Voss
Jacobs	McEachern	Orenstein	Schoenfeld	Wagenius
Jefferson	McKasy	Osthoff	Schreiber	Welle
Jennings	McLaughlin	Otis	Seaberg	Wenzel
Jensen	McPherson	Ozment	Segal	Winter
Johnson, A.	Milbert	Pappas	Shaver	Wynia
Johnson, R.	Miller	Pauly	Simoneau	Spk. Norton
Johnson, V.	Minne	Pelowski	Skoghud	

Those who voted in the negative were:

Dorn	Hugoson	Rose	Thiede	Waltman
Frerichs	Quist	Schafer	Uphus	

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. 809, A bill for an act relating to natural resources; changing requirements for arrowheads used for big game hunting; amending Minnesota Statutes 1986, section 97B.211, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Johnson, A., moved that the House concur in the Senate amendments to H. F. No. 809 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 809, A bill for an act relating to natural resources; changing requirements for arrowheads used for big game hunting; amending Minnesota Statutes 1986, section 97B.211, subdivision 2.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Long	Otis	Shaver
Battaglia	Gutknecht	Marsh	Ozment	Simoneau
Bauerly	Hartle	McDonald	Pappas	Skoglund
Beard	Haukoos	McEachern	Pauly	Solberg
Begich	Heap	McKasy	Pelowski	Sparby
Bennett	Himle	McLaughlin	Peterson	Stanius
Bertram	Hugoson	McPherson	Poppenhagen	Steenasma
Bishop	Jacobs	Milbert	Price	Sviggum
Blatz	Jaros	Miller	Quinn	Swenson
Boo	Jefferson	Minne	Quist	Thiede
Brown	Jennings	Morrison	Redalen	Tjornhom
Burger	Jensen	Munger	Reding	Tompkins
Carlson, D.	Johnson, A.	Murphy	Rest	Trimble
Carlson, L.	Johnson, R.	Nelson, C.	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, D.	Richter	Uphus
Clark	Kalis	Nelson, K.	Riveness	Valento
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Vanasek
Cooper	Kelso	O'Connor	Rose	Vellenga
Dauner	Kinkel	Ogren	Rukavina	Voss
DeBlicek	Kludt	Olsen, S.	Sarna	Waltman
Dempsey	Knickerbocker	Olson, E.	Schafer	Welle
Dorn	Knuth	Olson, K.	Scheid	Wenzel
Forsythe	Kostohryz	Omann	Schoenfeld	Winter
Frederick	Krueger	Onnen	Schreiber	Wynia
Frerichs	Lasley	Orenstein	Seaberg	Spk. Norton
Greenfield	Lieder	Osthoff	Segal	

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. 1141, A bill for an act relating to the city of Champlin; permitting the city to use unexpended public improvement funds for a low-income special assessment grant program.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Nelson, D., moved that the House concur in the Senate amendments to H. F. No. 1141 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1141, A bill for an act relating to the city of Champlin; permitting the city to use unexpended public improvement funds for a low-income special assessment grant program.

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 89 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Ozment	Skoglund
Battaglia	Hartle	Long	Pappas	Solberg
Bauerly	Jacobs	McEachern	Pelowski	Sparby
Beard	Jaros	McKasy	Peterson	Steenasma
Begich	Jefferson	Minne	Price	Swenson
Bertram	Jensen	Munger	Quinn	Trimble
Bishop	Johnson, A.	Murphy	Redalen	Tunheim
Brown	Johnson, R.	Nelson, C.	Reding	Uphus
Burger	Johnson, V.	Nelson, D.	Rest	Vanasek
Carlson, D.	Kalis	Nelson, K.	Rice	Vellenga
Carlson, L.	Kelly	Neuenschwander	Riveness	Voss
Carruthers	Kelso	O'Connor	Rodosovich	Wagenius
Clark	Kinkel	Ogren	Rose	Welle
Cooper	Kludt	Olson, E.	Rukavina	Wenzel
Dauner	Knuth	Olson, K.	Sarna	Winter
DeBlicek	Kostohryz	Orenstein	Schoenfeld	Wynia
Dorn	Krueger	Osthoff	Segal	Spk. Norton
Forsythe	Lasley	Otis	Simoneau	

Those who voted in the negative were:

Bennett	Gutknecht	McDonald	Pauly	Shaver
Blatz	Haukoos	McPherson	Poppenhagen	Stanius
Boo	Heap	Milbert	Quist	Sviggum
Clausnitzer	Himle	Miller	Richter	Thiede
Dempsey	Hugoson	Morrison	Schafer	Tjornhom
Frederick	Jennings	Olsen, S.	Scheid	Tompkins
Frerichs	Knickerbocker	Omann	Schreiber	Valento
Gruenes	Marsh	Onnen	Seaberg	Waltman

The bill was repassed, as amended by the Senate, and its title agreed to.

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

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. 1420, A bill for an act relating to public safety; allowing bureau of criminal apprehension to permit amateur radio operators to use radio equipment capable of receiving police emergency radio frequency; amending Minnesota Statutes 1986, section 299C.37, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate



## CONCURRENCE AND REPASSAGE

McDonald moved that the House concur in the Senate amendments to H. F. No. 1420 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1420, A bill for an act relating to public safety; allowing bureau of criminal apprehension to permit amateur radio operators to use radio equipment capable of receiving police emergency radio frequency; amending Minnesota Statutes 1986, section 299C.37, 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 114 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Haukoos	McKasy	Ozment	Shaver
Battaglia	Heap	McLaughlin	Pauly	Simoneau
Bauerly	Himle	McPherson	Pelowski	Skoglund
Beard	Hugoson	Milbert	Peterson	Solberg
Begich	Jacobs	Miller	Poppenhagen	Sparby
Bennett	Jaros	Minne	Price	Stanius
Bertram	Jennings	Morrison	Quinn	Steensma
Bishop	Johnson, R.	Munger	Quist	Sviggum
Blatz	Johnson, V.	Murphy	Redalen	Swenson
Boo	Kalis	Nelson, C.	Reding	Thiede
Brown	Kelly	Nelson, D.	Rest	Tjornhom
Burger	Kelso	Nelson, K.	Rice	Tunheim
Carlson, D.	Kinkel	Neuenschwander	Richter	Uphus
Carlson, L.	Kludt	O'Connor	Riveness	Valento
Carruthers	Knickerbocker	Ogren	Rodosovich	Vanasek
Clark	Knuth	Olsen, S.	Rose	Voss
Clausnitzer	Kostohryz	Olson, E.	Sarna	Wagenius
Forsythe	Krueger	Olson, K.	Schafer	Waltman
Frederick	Lasley	Omann	Scheid	Welle
Frerichs	Lieder	Onnen	Schoenfeld	Wenzel
Gruenes	Marsh	Orenstein	Schreiber	Winter
Gutknecht	McDonald	Osthoff	Seaberg	Spk. Norton
Hartle	McEachern	Otis	Segal	

Those who voted in the negative were:

Dauner	Greenfield	Johnson, A.	Rukavina	Vellenga
DeBlicke	Jefferson	Kahn	Tompkins	
Dorn	Jensen	Pappas	Trimble	

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. 96, A bill for an act relating to the state high school league; requiring the league to arrange certain conference memberships; providing standards; amending Minnesota Statutes 1986, section 129.121, subdivision 1, 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. 96 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 96, A bill for an act relating to the state high school league; requiring the league to arrange certain conference memberships; providing standards; amending Minnesota Statutes 1986, section 129.121, subdivision 1, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Knuth	Olson, K.	Scheid
Battaglia	Greenfield	Kostohryz	Omann	Schoenfeld
Bauerly	Gruenes	Krueger	Orenstein	Schreiber
Beard	Gutknecht	Lasley	Otis	Seaberg
Begich	Hartle	Lieder	Ozment	Segal
Bennett	Haukoos	Long	Pappas	Shaver
Bertram	Heap	Marsh	Pauly	Simoneau
Bishop	Himle	McDonald	Pelowski	Skoglund
Blatz	Jacobs	McEachern	Peterson	Solberg
Boo	Jaros	McKasy	Poppenhagen	Sparby
Brown	Jefferson	McLaughlin	Price	Stanius
Burger	Jennings	McPherson	Quinn	Steensma
Carlson, D.	Jensen	Miller	Quist	Swenson
Carlson, L.	Johnson, A.	Minne	Redalen	Thiede
Carruthers	Johnson, R.	Munger	Reding	Tjornhom
Clark	Johnson, V.	Murphy	Rest	Tompkins
Clausnitzer	Kahn	Nelson, C.	Rice	Trimble
Cooper	Kalis	Nelson, D.	Richter	Tunheim
Dauner	Kelly	Nelson, K.	Riveness	Uphus
DeBlick	Kelso	Neuenschwander	Rose	Valento
Dorn	Kinkel	O'Connor	Rukavina	Vanasek
Forsythe	Kludt	Ogren	Sarna	Vellenga
Frederick	Knickerbocker	Olsen, S.	Schafer	Voss

Wagenius	Wenzel	Wynia
Welle	Winter	Spk. Norton

Those who voted in the negative were:

Hugoson	Onnen	Sviggum
Milbert	Rodosovich	Waltman

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 332, A bill for an act relating to environment; authorizing the pollution control agency to issue administrative orders assessing penalties; establishing a hearing procedure; providing for the distribution and expenditure of monetary penalties; proposing coding for new law in Minnesota Statutes, chapter 116.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Nelson, D., moved that the House concur in the Senate amendments to H. F. No. 332 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 332, A bill for an act relating to environment; authorizing the pollution control agency to issue administrative orders assessing penalties; establishing a hearing procedure; providing for the distribution and expenditure of monetary penalties; proposing coding for new law in Minnesota Statutes, chapter 116.

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 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carlson, L.	DeBlicke	Hartle
Battaglia	Bishop	Carruthers	Dorn	Haukoos
Bauerly	Blatz	Clark	Frederick	Heap
Beard	Boo	Clausnitzer	Greenfield	Jacobs
Begich	Burger	Cooper	Gruenes	Jaros
Bennett	Carlson, D.	Dauner	Gutknecht	Jennings

Jensen	McEachern	Omann	Rodosovich	Tompkins
Johnson, A.	McKasy	Onnen	Rose	Trimble
Johnson, R.	McLaughlin	Orenstein	Rukavina	Tunheim
Kahn	McPherson	Otis	Sarna	Valento
Kalis	Milbert	Ozment	Scheid	Vanasek
Kelly	Miller	Pappas	Schoenfeld	Vellenga
Kelso	Minne	Pauly	Segal	Voss
Kinkel	Munger	Pelowski	Shaver	Wagenius
Kludt	Murphy	Peterson	Simoneau	Waltman
Knickerbocker	Nelson, C.	Poppenhagen	Skoglund	Welle
Knuth	Nelson, D.	Price	Solberg	Wenzel
Kostohryz	Nelson, K.	Quinn	Sparby	Winter
Krueger	Neuenschwander	Redalen	Stenius	Wynia
Lasley	O'Connor	Reding	Steensma	Spk. Norton
Lieder	Ogren	Rest	Swiggum	
Long	Olsen, S.	Rice	Swenson	
Marsh	Olson, E.	Richter	Thiede	
McDonald	Olson, K.	Riveness	Tjornhom	

Those who voted in the negative were:

Forsythe	Himle	Johnson, V.	Schafer	Seaberg
Frerichs	Hugoson	Quist	Schreiber	Uphus

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. 1120, A bill for an act relating to grain grading and testing; providing that state grades and test results may be the basis for market price; amending Minnesota Statutes 1986, section 17B.05.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Brown moved that the House concur in the Senate amendments to H. F. No. 1120 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1120, A bill for an act relating to grain grading and testing; providing that state grades and test results may be the basis for market price; amending Minnesota Statutes 1986, section 17B.05.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Simoneau
Battaglia	Hartle	Marsh	Pappas	Skoglund
Bauerly	Haukoos	McDonald	Pauly	Solberg
Beard	Heap	McEachern	Pelowski	Sparby
Begich	Himle	McKasy	Peterson	Stanius
Bennett	Hugoson	McLaughlin	Poppenhagen	Steenasma
Bertram	Jacobs	McPherson	Price	Swiggum
Bishop	Jaros	Milbert	Quinn	Swenson
Blatz	Jefferson	Miller	Quist	Thiede
Boo	Jennings	Minne	Redalen	Tjornhom
Brown	Jensen	Morrison	Reding	Tompkins
Burger	Johnson, A.	Munger	Rest	Trimble
Carlson, D.	Johnson, R.	Murphy	Rice	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Uphus
Carruthers	Kahn	Nelson, D.	Riveness	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Vellenga
Cooper	Kelso	O'Connor	Rukavina	Voss
Dauner	Kinkel	Ogren	Sarna	Wagenius
DeBlicck	Kludt	Olsen, S.	Schafer	Waltman
Dorn	Knickerbocker	Olson, E.	Scheid	Welle
Forsythe	Knuth	Olson, K.	Schoenfeld	Wenzel
Frederick	Kostohryz	Omman	Schreiber	Winter
Frerichs	Krueger	Onnen	Seaberg	Wynia
Greenfield	Lasley	Orenstein	Segal	Spk. Norton
Gruenes	Lieder	Otis	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 House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1213, A bill for an act relating to retirement; teachers retirement association; making various changes in the law governing the association for the purpose of facilitating administration of retirement benefits and contributions; amending Minnesota Statutes 1986, sections 354.05, subdivision 35, and by adding a subdivision; 354.06, subdivision 1; 354.07, subdivision 3; 354.094, subdivision 1; 354.44, subdivision 5; 354.46, subdivision 5; 354.48, subdivision 7; 354.51, subdivision 5; 354.55, subdivision 11; 354.62, subdivision 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1986, section 354.44, subdivision 1a.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amendments to H. F. No. 1213 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1213, A bill for an act relating to retirement; various public pension plans; implementing various administrative changes; making private certain membership data; conforming mandatory retirement provisions for public employees to the federal Age Discrimination in Employment Amendments of 1986; clarifying the obligation of the state auditor to undertake periodic public pension plan audits; establishing combined service disability and survivor benefits; amending Minnesota Statutes 1986, sections 13.43, by adding a subdivision; 43A.34, subdivisions 1 and 4; 136.81, subdivision 3; 136.82, subdivision 1; 181.81, subdivision 1; 181.811; 352.12, subdivision 6; 352.96, subdivision 1, and by adding a subdivision; 352D.015, subdivision 5; 353.01, subdivisions 2b and 20; 353.03, subdivision 3; 353.27, subdivisions 4, 10, and 12; 353.28, subdivision 5; 353.29, subdivision 8; 353.33, by adding a subdivision; 353.34, by adding a subdivision; 353.36, subdivision 2; 353.64, subdivisions 1 and 2; 353.656, subdivision 6, and by adding a subdivision; 353.657; 354.05, subdivision 35, and by adding a subdivision; 354.06, subdivision 1; 354.07, subdivision 3; 354.094, subdivision 1; 354.44, subdivisions 1a and 5; 354.46, subdivision 5; 354.48, subdivision 7; 354.51, subdivision 5; 354.55, subdivision 11; 354.62, subdivision 5, and by adding a subdivision; 354A.021, by adding a subdivision; 354A.21; 422A.09, subdivision 3; and 423.076; proposing coding for new law in Minnesota Statutes, chapters 13 and 356; repealing Minnesota Statutes 1986, sections 43A.34, subdivision 2; 125.12, subdivision 5; 353.64, subdivision 6; 356.301; and 473.419.

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.	Frederick	Kinkel	Nelson, C.	Quinn
Battaglia	Frerichs	Kludt	Nelson, D.	Quist
Bauerly	Greenfield	Knickerbocker	Nelson, K.	Redalen
Beard	Gruenes	Knuth	Neuenschwander	Reding
Begich	Gutknecht	Kostohryz	O'Connor	Rest
Bennett	Hartle	Krueger	Ogren	Rice
Bertram	Haukoos	Lasley	Olsen, S.	Richter
Bishop	Heap	Lieder	Olson, E.	Riveness
Blatz	Himle	Long	Olson, K.	Rodosovich
Boo	Hugoson	Marsh	Omann	Rose
Brown	Jacobs	McDonald	Onnen	Rukavina
Burger	Jaros	McEachern	Orenstein	Sarna
Carlson, D.	Jefferson	McKasy	Osthoff	Schafer
Carlson, L.	Jennings	McLaughlin	Otis	Scheid
Carruthers	Jensen	McPherson	Ozment	Schoenfeld
Clark	Johnson, A.	Milbert	Pappas	Schreiber
Clausnitzer	Johnson, R.	Miller	Pauly	Seaberg
Cooper	Johnson, V.	Minne	Pelowski	Segal
Dauner	Kalis	Morrison	Peterson	Simoneau
DeBlicek	Kelly	Munger	Poppenhagen	Skoglund
Forsythe	Kelso	Murphy	Price	Solberg

Sparby	Thiede	Uphus	Wagenius	Wynia
Stanius	Tjornhom	Valento	Waltman	Spk. Norton
Steenasma	Tompkins	Vanasek	Welle	
Sviggum	Trimble	Vellenga	Wenzel	
Swenson	Tunheim	Voss	Winter	

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. 1078; A bill for an act relating to natural resources; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owner's report; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design elevation is different than original construction elevation; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; renumbering sections; providing penalties; amending Minnesota Statutes 1986, sections 105.40, subdivision 11; 106A.005, subdivisions 2, 3, 4, 9, 10, 11, 12, 13, 14, 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.021, by adding subdivisions; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivision 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295; 106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, 6, and by adding subdivisions; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2, 6, and by adding subdivisions; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701,

subdivision 1, and by adding a subdivision; 106A.705; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60, subdivision 1; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1986, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; and 111.01 to 111.421.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Jennings moved that the House concur in the Senate amendments to H. F. No. 1078 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1078, A bill for an act relating to natural resources; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owner's report; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design elevation is different than original construction elevation; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; renumbering sections; providing penalties; amending Minnesota Statutes 1986, sections 105.40, subdivision 11; 106A.005, subdivisions 2, 3, 4, 9, 10, 11, 12, 13, 14, 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.021, by adding subdivisions; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivision 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295; 106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, 6, and by adding subdivisions; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2, 6, and by adding subdivisions; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601;



106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding a subdivision; 106A.705; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60, subdivision 1; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1986, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; and 111.01 to 111.421.

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.	Gutknecht	Marsh	Pappas	Skoglund
Battaglia	Hartle	McDonald	Pauly	Solberg
Bauerly	Haukoos	McKasy	Pelowski	Sparby
Beard	Heap	McLaughlin	Peterson	Stanius
Begich	Himle	McPherson	Poppenhagen	Steensma
Bennett	Hugoson	Milbert	Price	Sviggum
Bertram	Jacobs	Miller	Quinn	Swenson
Bishop	Jaros	Minne	Quist	Thiede
Blatz	Jefferson	Morrison	Redalen	Tjornhom
Boo	Jennings	Munger	Reding	Tompkins
Brown	Jensen	Murphy	Rest	Trimble
Burger	Johnson, A.	Nelson, C.	Rice	Tunheim
Carlson, D.	Johnson, R.	Nelson, D.	Richter	Uphus
Carlson, L.	Johnson, V.	Nelson, K.	Riveness	Valento
Carruthers	Kalis	Neuenschwander	Rodosovich	Vanasek
Clark	Kelly	O'Connor	Rose	Vellenga
Clausnitzer	Kelso	Ogren	Rukavina	Voss
Cooper	Kinkel	Olsen, S.	Sarna	Wagenius
Dauner	Kludt	Olsen, E.	Schafer	Waltman
DeBlick	Knickerbocker	Olson, K.	Scheid	Welle
Dorn	Knuth	Omann	Schoenfeld	Wenzel
Forsythe	Kostohryz	Onnen	Schreiber	Winter
Frederick	Krueger	Orenstein	Seaberg	Wymia
Frerichs	Lasley	Osthoff	Segal	Spk. Norton
Greenfield	Lieder	Otis	Shaver	
Gruenes	Long	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. 196, A bill for an act relating to public safety; manufactured homes; requiring manufactured home park owners to provide

shelter for residents during severe weather; amending Minnesota Statutes 1986, section 327.20, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 327.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

O'Connor moved that the House concur in the Senate amendments to H. F. No. 196 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 196, A bill for an act relating to public safety; manufactured homes; requiring manufactured home park owners to provide underground shelter for residents during severe weather; requiring a feasibility study; amending Minnesota Statutes 1986, section 327.20, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 327.

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 112 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	McEachern	Ozment	Sparby
Battaglia	Haukoos	McKasy	Pappas	Stanius
Bauerly	Heap	McLaughlin	Pauly	Steensma
Beard	Himle	McPherson	Pelowski	Sviggum
Begich	Jacobs	Milbert	Peterson	Swenson
Bennett	Jaros	Miller	Price	Tjornhom
Bertram	Jefferson	Minne	Quinn	Tompkins
Bishop	Jennings	Morrison	Quist	Trimble
Blatz	Jensen	Munger	Redalen	Tunheim
Boo	Johnson, A.	Murphy	Reding	Valento
Brown	Johnson, R.	Nelson, C.	Rest	Vanasek
Burger	Kahn	Nelson, D.	Rice	Vellenga
Carlson, L.	Kelly	Nelson, K.	Rodosovich	Voss
Carruthers	Kinkel	Neuenschwander	Rukavina	Wagenius
Clark	Kludt	O'Connor	Sarna	Waltman
Clausnitzer	Knickerbocker	Ogren	Scheid	Welle
Cooper	Knuth	Olsen, S.	Schreiber	Wenzel
DeBlick	Kostohryz	Olson, E.	Seaberg	Winter
Dorn	Krueger	Omann	Segal	Wynia
Forsythe	Lasley	Onnen	Shaver	Spk. Norton
Greenfield	Lieder	Orenstein	Simoneau	
Gruenes	Long	Osthoff	Skoglund	
Gutknecht	Marsh	Otis	Solberg	

Those who voted in the negative were:

Carlson, D.	Frerichs	Kalis	Olson, K.	Schafer
Dauner	Hugoson	Kelso	Poppenhagen	Schoenfeld
Frederick	Johnson, V.	McDonald	Richter	Thiede
				Uphus

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. 102, A bill for an act relating to game and fish; use of mechanical release bows during archery seasons; amending Minnesota Statutes 1986, section 97B.035, subdivision 1.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Stanius moved that the House concur in the Senate amendments to H. F. No. 102 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 102, A bill for an act relating to game and fish; use of mechanical release bows during archery seasons; amending Minnesota Statutes 1986, section 97B.035, 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 121 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Knickerbocker	Nelson, K.	Reding
Battaglia	Frerichs	Knuth	Neuenschwander	Rest
Bauerly	Greenfield	Kostohryz	O'Connor	Rice
Beard	Gruenes	Krueger	Ogren	Richter
Begich	Hartle	Lasley	Olsen, S.	Riveness
Bennett	Heap	Lieder	Olson, E.	Rodosovich
Bertram	Himle	Long	Olson, K.	Rose
Bishop	Hugoson	Marsh	Onnen	Rukavina
Blatz	Jacobs	McDonald	Orenstein	Sarna
Boo	Jaros	McEachern	Osthoff	Schafer
Brown	Jefferson	McKasy	Otis	Scheid
Burger	Jennings	McLaughlin	Ozment	Schoenfeld
Carlson, D.	Jensen	McPherson	Pappas	Schreiber
Carlson, L.	Johnson, A.	Milbert	Pauly	Seaberg
Carruthers	Johnson, R.	Miller	Pelowski	Segal
Clark	Johnson, V.	Minne	Peterson	Shaver
Clausnitzer	Kahn	Morrison	Poppenhagen	Simoneau
Cooper	Kalis	Munger	Price	Solberg
Dauner	Kelly	Murphy	Quinn	Stanius
DeBlieck	Kinkel	Nelson, C.	Quist	Steensma
Dorn	Kludt	Nelson, D.	Redalen	Swenson

Thiede  
Tjornhom  
Tompkins  
Trimble

Tunheim  
Uphus  
Valento  
Vanasek

Vellenga  
Voss  
Waltman  
Welle

Wenzel  
Winter  
Wynia  
Spk. Norton

Those who voted in the negative were:

Gutknecht  
Omam

Skoglund  
Sparby

Sviggum  
Wagenius

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. 1170, A bill for an act relating to state government; prohibiting certain mandated leaves of absence for state employees; amending Minnesota Statutes 1986, section 43A.32, subdivision 2, and by adding a subdivision.

PATRICK E. FLAHAVERN, Secretary of the Senate

Welle moved that the House refuse to concur in the Senate amendments to H. F. No. 1170, 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. 638, A bill for an act relating to elections; requiring election judges to inform voters of certain laws; providing for selection of a party in certain primary elections; amending Minnesota Statutes 1986, sections 204C.13, subdivision 2; and 206.80.

PATRICK E. FLAHAVERN, Secretary of the Senate

Minne moved that the House refuse to concur in the Senate amendments to H. F. No. 638, 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.

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

Vanasek 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.

**MESSAGES FROM THE SENATE, Continued**

The following messages were received from the Senate:

Mr. Speaker:

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

S. F. No. 852.

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. 361, 1018 and 1335.

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. 604.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 852, A bill for an act relating to taxes; exempting from gasoline excise tax propane fuel for vehicles operating under permit;

amending Minnesota Statutes 1986, sections 296.01, subdivision 25; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.026; and 296.028.

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

S. F. No. 361, A bill for an act relating to state employees; permitting certain employees to donate vacation time to a union representative; amending Minnesota Statutes 1986, section 43A.04, subdivision 8.

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

S. F. No. 1018, A bill for an act relating to crimes; criminal sexual conduct; creating a crime of fifth degree criminal sexual conduct; amending Minnesota Statutes 1986, section 388.051, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Rest moved that S. F. No. 1018 and H. F. No. 1070, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1335, A bill for an act relating to unemployment compensation; limiting recovery of overpayments due to agency error; limiting amount of setoff from current benefit amount; amending Minnesota Statutes 1986, section 268.18, subdivision 1.

The bill was read for the first time.

Johnson, A., moved that S. F. No. 1335 and H. F. No. 1452, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 604, A bill for an act relating to elections; regulating lobbyist and candidate activities and contributions; amending Minnesota Statutes 1986, sections 10A.01, subdivision 15; 10A.04, subdivisions 2 and 4; and 10A.15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 10A.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Rose was excused while in conference.

REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Tuesday, May 12, 1987:

H. F. No. 938; S. F. No. 292; H. F. No. 727; S. F. Nos. 853 and 865; H. F. Nos. 177, 290, 606, 1045, 1183, 1210, 1351 and 1399; S. F. Nos. 51, 735 and 1.

**SPECIAL ORDERS**

The Speaker called Simoneau to the Chair.

S. F. No. 677 was reported to the House.

There being no objection, S. F. No. 677 was continued on Special Orders for one day.

S. F. No. 153 was reported to the House.

Milbert, McKasy, Sparby and Bishop moved to amend S. F. No. 153, as follows:

Page 2, line 16, delete "or"

Page 2, line 17, after "168.27" insert ", or sales that are subject to a written agreement or contract under the uniform commercial code"

The motion prevailed and the amendment was adopted.

S. F. No. 153, A bill for an act relating to consumer protection; requiring cash refunds for goods returned on certain retail sales; providing enforcement; proposing coding for new law in Minnesota Statutes, chapter 325F.

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 25 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Jefferson	McKasy	Otis	Skoglund
Battaglia	Jennings	McLaughlin	Pappas	Solberg
Bauerly	Jensen	McPherson	Pelowski	Sparby
Beard	Johnson, A.	Milbert	Peterson	Steenasma
Begich	Johnson, R.	Minne	Price	Sviggum
Bertram	Johnson, V.	Morrison	Quinn	Tompkins
Brown	Kahn	Munger	Redalen	Trimble
Burger	Kalis	Murphy	Reding	Tunheim
Carlson, D.	Kelly	Nelson, C.	Rest	Uphus
Carlson, L.	Kelso	Nelson, D.	Rice	Vanasek
Carruthers	Kinkel	Nelson, K.	Richter	Vellenga
Clark	Kludt	Neuenschwander	Riveness	Wagenius
Cooper	Knuth	O'Connor	Rodosovich	Waltman
Dauner	Kostohryz	Ogren	Rose	Welle
DeBlicke	Krueger	Olsen, S.	Rukavina	Wenzel
Dorn	Larsen	Olsen, E.	Sarna	Winter
Greenfield	Lasley	Olsen, K.	Schoenfeld	Wynia
Gruenes	Lieder	Omann	Seaberg	Spk. Norton
Jacobs	Long	Orenstein	Segal	
Jaros	McEachern	Osthoff	Simoneau	

## Those who voted in the negative were:

Bennett	Frerichs	Hugoson	Onnen	Schreiber
Blatz	Hartle	Knickerbocker	Ozment	Shaver
Clausnitzer	Haukoos	Marsh	Pauly	Stanius
Dille	Heap	McDonald	Quist	Thiede
Forsythe	Himle	Miller	Schafer	Valento

The bill was passed, as amended, and its title agreed to.

Rose was excused while in conference.

S. F. No. 800 was reported to the House.

Carruthers and Wynia moved to amend S. F. No. 800, as follows:

Page 2, delete line 2, and insert:

“(d) in the case of a financial institution referred to in subdivision 1 that does not charge an annual fee, delinquency and collection charges as follows:”

The motion prevailed and the amendment was adopted.

S. F. No. 800, A bill for an act relating to financial institutions; authorizing certain charges on open-end loan account arrangements; amending Minnesota Statutes 1986, section 48.185, subdivision 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. There were 91 yeas and 34 nays as follows:



## Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Onnen	Shaver
Anderson, R.	Hartle	Long	Orenstein	Skoglund
Battaglia	Haukoos	Marsh	Osthoff	Solberg
Beard	Heap	McDonald	Otis	Sparby
Bennett	Himle	McEachern	Pauly	Stanius
Bertram	Hugoson	McKasy	Pelowski	Sviggum
Blatz	Jacobs	McLaughlin	Poppenhagen	Swenson
Boo	Jennings	Milbert	Quinn	Thiede
Brown	Jensen	Miller	Quist	Tjornhom
Burger	Johnson, A.	Morrison	Redalen	Trimble
Carlson, L.	Johnson, R.	Murphy	Reding	Valento
Carruthers	Kahn	Nelson, C.	Rest	Vanasek
Clausnitzer	Kelly	Nelson, K.	Richter	Wagenius
Cooper	Kelso	Neuenschwander	Rivness	Wynia
Dille	Kinkel	O'Connor	Rodosovich	Spk. Norton
Dorn	Knickerbocker	Ogren	Scheid	
Forsythe	Knuth	Olsen, S.	Schreiber	
Frerichs	Larsen	Olson, E.	Seaberg	
Gruenes	Lasley	Olson, K.	Segal	

## Those who voted in the negative were:

Bauerly	Jaros	McPherson	Rice	Uphus
Begich	Jefferson	Minne	Rukavina	Vellenga
Carlson, D.	Johnson, V.	Munger	Sarna	Waltman
Clark	Kalis	Nelson, D.	Schoenfeld	Welle
Dauner	Kludt	Omamm	Simoneau	Wenzel
DeBlieck	Kostohryz	Ozment	Steensma	Winter
Greenfield	Krueger	Peterson	Tunheim	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1053, A bill for an act relating to alcoholic beverages; providing for the licensing of low-volume brewers; allowing them to be granted an on-sale intoxicating liquor or nonintoxicating malt liquor license; amending Minnesota Statutes 1986, section 340A.301, subdivisions 6 and 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

## Those who voted in the affirmative were:

Anderson, G.	Brown	Forsythe	Jaros	Knickerbocker
Anderson, R.	Burger	Frerichs	Jefferson	Knuth
Battaglia	Carlson, D.	Greenfield	Jennings	Kostohryz
Bauerly	Carlson, L.	Gruenes	Jensen	Krueger
Beard	Carruthers	Gutknecht	Johnson, A.	Larsen
Begich	Clark	Hartle	Johnson, R.	Lasley
Bennett	Clausnitzer	Haukoos	Johnson, V.	Lieder
Bertram	Cooper	Heap	Kalis	Marsh
Bishop	Dauner	Himle	Kelso	McDonald
Blatz	DeBlieck	Hugoson	Kinkel	McEachern
Boo	Dille	Jacobs	Kludt	McKasy

McLaughlin	Olson, E.	Redalen	Shaver	Valento
McPherson	Olson, K.	Reding	Simoneau	Vanasek
Milbert	Omann	Rest	Skoglund	Vellenga
Miller	Onnen	Rice	Solberg	Voss
Minne	Orenstein	Richter	Sparby	Wagenius
Morrison	Osthoff	Riveness	Stanius	Waltman
Munger	Otis	Rodosovich	Steensma	Welle
Murphy	Ozment	Rose	Sviggum	Wenzel
Nelson, C.	Pappas	Rukavina	Swenson	Winter
Nelson, D.	Pauly	Sarna	Thiede	Wynia
Nelson, K.	Pelowski	Scheid	Tjornhom	Spk. Norton
Neuenschwander	Peterson	Schoenfeld	Tompkins	
O'Connor	Price	Schreiber	Trimble	
Ogren	Quinn	Seaberg	Tunheim	
Olsen, S.	Quist	Segal	Uphus	

The bill was passed and its title agreed to.

Olsen, S., was excused while in conference.

S. F. No. 300, A bill for an act relating to education; establishing chemical abuse pre-assessment teams and community advisory teams; requiring teachers to report possession, use, and transfer of chemical substances by students; amending Minnesota Statutes 1986, sections 127.41, subdivision 3; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	Larsen	Omann	Schafer
Battaglia	Gutknecht	Lasley	Onnen	Scheid
Bauerly	Hartle	Lieder	Orenstein	Schoenfeld
Beard	Haukoos	Long	Osthoff	Schreiber
Begich	Heap	Marsh	Otis	Seaberg
Bennett	Hugoson	McDonald	Ozment	Segal
Bertram	Jacobs	McEachern	Pappas	Shaver
Bishop	Jaros	McKasy	Pauly	Simoneau
Blatz	Jefferson	McLaughlin	Pelowski	Skoglund
Boo	Jennings	McPherson	Peterson	Solberg
Brown	Jensen	Milbert	Poppenhagen	Sparby
Burger	Johnson, A.	Miller	Price	Stanius
Carlson, D.	Johnson, R.	Minne	Quinn	Steensma
Carlson, L.	Johnson, V.	Morrison	Quist	Sviggum
Carruthers	Kahn	Munger	Redalen	Swenson
Clark	Kalis	Murphy	Reding	Thiede
Clausnitzer	Kelly	Nelson, C.	Rest	Tjornhom
Cooper	Kelso	Nelson, D.	Rice	Tompkins
Dauner	Kinkel	Nelson, K.	Richter	Trimble
DeBlicek	Kludt	O'Connor	Riveness	Tunheim
Dille	Knickerbocker	Ogren	Rodosovich	Uphus
Forsythe	Knuth	Olsen, S.	Rose	Valento
Frerichs	Kostohryz	Olson, E.	Rukavina	Vanasek
Greenfield	Krueger	Olson, K.	Sarna	Vellenga

Voss  
Wagenius

Waltman  
Welle

Wenzel  
Winter

Wynia  
Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 938 was reported to the House.

There being no objection, H. F. No. 938 was temporarily laid over on Special Orders.

S. F. No. 292, A bill for an act relating to insurance; health and accident; requiring coverage for scalp hair prostheses in certain circumstances; amending Minnesota Statutes 1986, section 62E.06, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 62A.

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 89 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	McEachern	Ozment	Simoneau
Battaglia	Jefferson	McLaughlin	Pappas	Skoglund
Bauerly	Jensen	McPherson	Pelowski	Solberg
Beard	Johnson, A.	Milbert	Peterson	Sparby
Begich	Johnson, R.	Minne	Price	Swenson
Bennett	Kahn	Munger	Quinn	Tompkins
Bertram	Kalis	Murphy	Redalen	Trimble
Blatz	Kelly	Nelson, C.	Reding	Tunheim
Brown	Kelso	Neuenschwander	Rest	Uphus
Carlson, D.	Kinkel	O'Connor	Rice	Vanasek
Carlson, L.	Kludt	Ogren	Riveness	Vellenga
Carruthers	Knickerbocker	Olsen, S.	Rodosovich	Voss
Clark	Knuth	Olson, E.	Rukavina	Wagenius
Greenfield	Kostohryz	Omann	Sarna	Wenzel
Gruenes	Krueger	Onnen	Scheid	Winter
Heap	Larsen	Orenstein	Schoenfeld	Wynia
Himle	Lieder	Osthoff	Segal	Spk. Norton
Jacobs	Long	Otis	Shaver	

Those who voted in the negative were:

Anderson, R.	Dille	Johnson, V.	Pauly	Stanius
Boo	Forsythe	Lasley	Poppenhagen	Steensma
Burger	Frerichs	McDonald	Quist	Sviggum
Clausnitzer	Gutknecht	McKasy	Richter	Thiede
Cooper	Hartle	Miller	Schafer	Tjornhom
Dauner	Haukoos	Morrison	Schreiber	Valento
DeBlicck	Hugoson	Olson, K.	Seaberg	Waltman
				Welle

The bill was passed and its title agreed to.

H. F. No. 727 was reported to the House.

There being no objection, H. F. No. 727 was temporarily laid over on Special Orders.

S. F. No. 853, A bill for an act relating to public safety; establishing the "McGruff" symbol as the sign for a safe house for children; creating a safe house program; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 299A.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Otis	Shaver
Anderson, R.	Hartle	Long	Ozment	Simoneau
Battaglia	Haukoos	Marsh	Pappas	Skoglund
Bauerly	Heap	McDonald	Pauly	Solberg
Beard	Himle	McEachern	Pelowski	Sparby
Begich	Hugoson	McKasy	Peterson	Stanius
Bennett	Jacobs	McLaughlin	Poppenhagen	Steenasma
Bertram	Jaros	Milbert	Price	Sviggum
Bishop	Jefferson	Miller	Quinn	Swenson
Blatz	Jennings	Minne	Quist	Thiede
Boo	Jensen	Morrison	Redalen	Tjornhom
Brown	Johnson, A.	Munger	Reding	Trimble
Burger	Johnson, R.	Murphy	Rest	Tunheim
Carlson, D.	Johnson, V.	Nelson, C.	Rice	Uphus
Carlson, L.	Kahn	Nelson, D.	Richter	Valento
Carruthers	Kalis	Nelson, K.	Riveness	Vanasek
Clark	Kelly	Neuenschwander	Rodosovich	Vellenga
Clausnitzer	Kelso	O'Connor	Rose	Voss
Cooper	Kinkel	Ogren	Rukavina	Wagenius
Dauner	Kludt	Olsen, S.	Sarna	Waltman
DeBlieck	Knickerbocker	Olson, E.	Schafer	Welle
Dille	Knuth	Olson, K.	Scheid	Wenzel
Forsythe	Kostohryz	Omann	Schoenfeld	Winter
Frerichs	Krueger	Onnen	Schreiber	Wynia
Greenfield	Larsen	Orenstein	Seaberg	Spk. Norton
Gruenes	Lasley	Osthoff	Segal	

The bill was passed and its title agreed to.

S. F. No. 865 was reported to the House.

Trimble moved to amend S. F. No. 865, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 116C.69, subdivision 3, is amended to read:

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site certificates and construction permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year. The Until June 30, 1992, the assessment shall also include an amount sufficient to cover 60 percent of the costs to the pollution control agency of developing achieving, maintaining, and monitoring compliance with the acid deposition control plan required by standard adopted under sections 116.42 to 116.45, reprinting informational booklets on acid rain, and costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. This amount shall be certified to the board by the executive director of the pollution control agency. A work plan and budget shall be submitted annually to the board which shall take public testimony on the budget and work plan. The board must approve the work plan and budget before an assessment is levied. The work plan and budget must be submitted to the board by June 30, 1987. A work plan and budget shall then be submitted annually to the legislative commission on Minnesota resources for approval before an assessment is levied. Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all ~~such~~ these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all ~~such~~ these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision plus 60 percent of the annual budget of the pollution control agency for developing the plan required by achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, reprinting informational booklets on acid rain, and for costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board and the pollution control agency for the preceding fiscal year were more or less than the estimated expenditures previously assessed."

Delete the title and insert:

"A bill for an act relating to environment; authorizing an assessment against public utilities to finance the state costs of controlling acid deposition; amending Minnesota Statutes 1986, section 116C.69, subdivision 3."

The motion prevailed and the amendment was adopted.

S. F. No. 865, A bill for an act relating to environment; authorizing an assessment against public utilities to finance the state costs of controlling acid deposition; amending Minnesota Statutes 1986, section 116C.69, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Long	Otis	Simoneau
Battaglia.	Haukoos	McDonald	Ozment	Skoglund
Bauerly	Heap	McEachern	Pappas	Solberg
Beard	Himle	McKasy	Pauly	Sparby
Begich	Hugoson	McLaughlin	Pelowski	Stanius
Bennett	Jacobs	McPherson	Peterson	Steensma
Bertram	Jaros	Milbert	Poppenhagen	Sviggum
Bishop	Jefferson	Miller	Price	Swenson
Blatz	Jensen	Minne	Quinn	Thiede
Boo	Johnson, A.	Morrison	Quist	Tjornhom
Brown	Johnson, R.	Munger	Redalen	Tompkins
Burger	Johnson, V.	Murphy	Reding	Trimble
Carlson, D.	Kahn	Nelson, C.	Rest	Tunheim
Carlson, L.	Kalis	Nelson, D.	Rice	Uphus
Carruthers	Kelly	Nelson, K.	Riveness	Valento
Clark	Kelso	Neuenschwander	Rodosovich	Vanasek
Clausnitzer	Kinkel	O'Connor	Rukavina	Vellenga
Cooper	Kludt	Ogren	Sarna	Voss
Dauner	Knickerbocker	Olsen, S.	Schafer	Wagenius
DeBlick	Knuth	Olsen, E.	Scheid	Waltman
Dille	Kostohryz	Olson, K.	Schoenfeld	Welle
Forsythe	Krueger	Omann	Schreiber	Wenzel
Greenfield	Larsen	Onnen	Seaberg	Winter
Gruenes	Lasley	Orenstein	Segal	Wynia
Gutknecht	Lieder	Osthoff	Shaver	Spk. Norton

The bill was passed, as amended, and its title agreed to.

H. F. No. 177 was reported to the House.

Thiede moved to amend H. F. No. 177, the second engrossment, as follows:

Page 5, line 13, before "language" insert "English"

A roll call was requested and properly seconded.

POINT OF ORDER

Otis raised a point of order pursuant to rule 3.9 that the Thiede amendment was not in order. Speaker pro tempore Simoneau ruled the point of order not well taken and the amendment in order.

The question recurred on the Thiede amendment and the roll was called. There were 51 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	McKasy	Quist	Thiede
Bishop	Hartle	McPherson	Redalen	Tjornhom
Blatz	Heap	Miller	Richter	Uphus
Boo	Himle	Morrison	Rose	Valento
Burger	Hugoson	Olsen, S.	Schafer	Waltman
Carlson, D.	Jaros	Olson, E.	Schreiber	Wenzel
Clausnitzer	Johnson, V.	Omman	Seaberg	Winter
Dille	Knickerbocker	Onnen	Shaver	
Forsythe	Lieder	Ozment	Stanius	
Frerichs	Marsh	Pauly	Sviggum	
Gruenes	McDonald	Poppenhagen	Swenson	

Those who voted in the negative were:

Anderson, G.	Jacobs	Long	Otis	Simoneau
Anderson, R.	Jefferson	McEachern	Pappas	Skoglund
Battaglia	Jensen	McLaughlin	Pelowski	Solberg
Bauerly	Johnson, A.	Milbert	Peterson	Sparby
Beard	Johnson, R.	Minne	Price	Steensma
Begich	Kahn	Munger	Quinn	Trimble
Bertram	Kalis	Murphy	Reding	Tunheim
Brown	Kelly	Nelson, C.	Rest	Vanasek
Carlson, L.	Kelso	Nelson, D.	Rice	Vellenga
Carruthers	Kinkel	Nelson, K.	Riveness	Voss
Clark	Kludt	Neuenschwander	Rodosovich	Wagenius
Cooper	Knuth	O'Connor	Rukavina	Welle
Dauner	Kostohryz	Ogren	Sarna	Wynia
DeBlicek	Krueger	Olson, K.	Scheid	Spk. Norton
Dorn	Larsen	Orenstein	Schoenfeld	
Greenfield	Lasley	Osthoff	Segal	

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

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

H. F. No. 177, A bill for an act relating to human services; reducing state aid for general assistance to counties that fail to provide literacy training; requiring certain recipients of general assistance to attend adult literacy training; setting forth requirements for literacy training programs; appropriating money; amending Minnesota Statutes 1986, sections 256D.03, subdivision 2; 256D.05, subdivision 1; and 256D.051, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 256D.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Osthoff	Shaver
Battaglia	Hartle	Long	Otis	Simoneau
Bauerly	Haukoos	Marsh	Ozment	Skoglund
Beard	Heap	McDonald	Pappas	Solberg
Begich	Himle	McEachern	Pelowski	Sparby
Bennett	Hugoson	McKasy	Peterson	Stanius
Bertram	Jacobs	McLaughlin	Poppenhagen	Steensma
Bishop	Jaros	McPherson	Price	Sviggum
Blatz	Jefferson	Milbert	Quinn	Swenson
Boo	Jennings	Miller	Quist	Tjornhom
Brown	Jensen	Minne	Redalen	Tompkins
Burger	Johnson, A.	Morrison	Reding	Trimble
Carlson, D.	Johnson, R.	Munger	Rest	Tunheim
Carlson, L.	Johnson, V.	Murphy	Rice	Uphus
Carruthers	Kahn	Nelson, C.	Richter	Valento
Clark	Kalis	Nelson, D.	Riveness	Vanasek
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Vellenga
Cooper	Kelso	Neuenschwander	Rose	Voss
Dauner	Kinkel	O'Connor	Rukavina	Wagenius
DeBlicke	Kludt	Ogren	Sarna	Waltman
Dille	Knickerbocker	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frerichs	Krueger	Omman	Schreiber	Wynia
Greenfield	Larsen	Onnen	Seaberg	Spk. Norton
Gruenes	Lasley	Orenstein	Segal	

Those who voted in the negative were:

Thiede

The bill was passed and its title agreed to.

Carlson, D., was excused between the hours of 3:45 p.m. and 5:00 p.m.

Seaberg was excused between the hours of 4:15 p.m. and 4:25 p.m.

H. F. No. 290 was reported to the House.

Gruenes, Jennings and Clausnitzer moved to amend H. F. No. 290, the third engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [148B.01] [CITATION.]

This chapter may be cited as the "mental health practitioners act of 1987."



Sec. 2. [148B.02] [DEFINITIONS.]

Subdivision 1. [TERMS.] As used in this chapter, the following terms have the meanings given them in this section.

Subd. 2. [BOARD.] "Board" means the board of mental health practitioners established in section 3.

Subd. 3. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" or "practitioner" means any person who provides, for a remuneration, mental health services as defined in subdivision 4. This chapter does not apply to those persons holding valid licenses from the board of medical examiners under chapter 147, the board of nursing under sections 148.171 to 148.285, or the board of psychology under sections 148.88 to 148.98.

Subd. 4. [MENTAL HEALTH SERVICES.] "Mental health services" means the professional treatment, assessment, or counseling of a cognitive, behavioral, emotional, mental, or social dysfunction, including intrapersonal or interpersonal dysfunctions.

Subd. 5. [MARRIAGE AND FAMILY THERAPIST.] "Marriage and family therapist" means a mental health practitioner who is registered under section 20 as a marriage and family therapist.

Subd. 6. [SOCIAL WORKER.] "Social worker" means any person who is registered under section 21 as a social worker, whether or not the person provides mental health services.

Subd. 7. [MENTAL HEALTH CLIENT.] "Mental health client" or "client" means a person who receives the services of a mental health practitioner or registered social worker.

Sec. 3. [148B.03] [BOARD OF MENTAL HEALTH PRACTITIONERS.]

Subdivision 1. [COMPOSITION.] The board of mental health practitioners shall consist of 15 members. In its initial composition, the membership shall consist of:

(1) two marriage and family therapists whose qualifications are no less than those specified in section 20;

(2) two social workers whose qualifications shall be no less than those specified in section 21, one of whom must be employed by a public agency, and one of whom must be a private practitioner;

(3) two mental health practitioners who meet the criteria set forth in section 2, subdivision 3, and who do not meet the criteria to

become registered as marriage and family therapists or social workers;

(4) one representative of a currently licensed health care facility;

(5) one representative of a third party payer of health care costs, other than a health maintenance organization;

(6) one representative of a health maintenance organization as defined in section 62D.02;

(7) one representative of a local unit of government; and

(8) five public members as defined in section 214.02.

Within one year of the effective date of rules adopted by the board to govern the registration of marriage and family therapists and social workers, members of the board specified in clause (1) shall be registered marriage and family therapists, and members of the board specified in clause (2) shall be registered social workers, registered master social workers, or registered clinical social workers. Within one year of the effective date of this chapter, members of the board specified in clause (3) shall be mental health practitioners other than those specified in clause (1) or (2) who have filed with the board pursuant to section 4, subdivision 1.

Subd. 2. [APPOINTMENT.] Members of the board shall be appointed by the governor and shall serve under the provisions of section 214.09.

Subd. 3. [BOARD ADMINISTRATION.] The board shall elect from among its number a chairperson and a vice-chairperson who shall each serve for one year, or until a successor is elected and qualifies. The members of the board shall have authority to administer oaths and the board, in session, to take testimony as to matters pertaining to the duties of the board. Eight members of the board shall constitute a quorum for the transaction of business.

Subd. 4. [RULEMAKING.] The board shall adopt rules necessary to implement, administer, or enforce this chapter under chapter 14 and section 214.001, subdivisions 2 and 3. The board shall consult with the commissioner of health, the commissioner of human services, and the commissioner of employee relations in the development of rules. The board may not adopt rules restricting or prohibiting persons from providing mental health services on the basis of education, training, experience, or supervision.

The board may adopt by rule educational, training, or experiential criteria for the use of the titles marriage and family therapist, social worker, master social worker, and clinical social worker. The regis-

tration criteria may not restrict the scope of practice of any person so registered, nor may the board establish criteria for supervision of mental health practitioners, except as specifically provided in this chapter.

Subd. 5. [DESIGNATION.] The board of mental health practitioners shall be considered a health-related licensing board as defined in section 214.01, subdivision 2, and shall have all powers and duties granted to such boards in chapter 214.

Subd. 6. [REPORTS.] The board, in compiling the report required by section 214.07, shall present the information compiled according to the category of credentials held by practitioners, if any. The commissioner of health shall review this information under sections 214.01, 214.13, and 214.141 to determine the need for any additional regulation of mental health practitioners.

#### Sec. 4. [148B.04] [MANDATORY MENTAL HEALTH CLIENT PROTECTION SYSTEM.]

Subdivision 1. [FILING.] All persons providing mental health services as defined in section 2, subdivision 4, shall file with the state on a form provided by the board, their name, home and business address, telephone number, degrees held, if any, major field, and whether the degrees are from an accredited institution, how the institution is accredited, and any other relevant experience.

The board shall provide separate application forms for persons wishing to register as a marriage and family therapist or social worker, master social worker, and clinical social worker.

Any applicant for filing or registration who has practiced in any other state shall authorize, in writing, the licensing or regulatory entity in the other state or states to release to the board any information on complaints or disciplinary actions pending against that individual, as well as any final disciplinary actions taken against that individual. The board shall provide a form for this purpose.

The board shall review all filings and applications for registration and may reject any filings and applications if there is evidence of violations or any other failure to meet the provisions of sections 1 to 19, or in the case of applications for registration, failure to meet the provisions of section 20 or 21, as applicable.

Subd. 2. [CERTIFICATES.] The board of mental health practitioners shall issue an acknowledgement of filing to each mental health practitioner who files under subdivision 1, and relevant rules of the board, and who is determined by the board to be in compliance with sections 1 to 19. The board shall issue, in addition, a separate

certificate of registration to those individuals who satisfy the requirements of section 20 or 21.

Subd. 3. [POSTING.] All mental health practitioners shall display, in a prominent location, a copy of the acknowledgment of filing issued by the board of mental health practitioners. Registered marriage and family therapists and social workers shall, in addition to posting the acknowledgement of filing, display the certificate of registration issued by the board.

Subd. 4. [PENALTIES.] Failure to file with the board, or supplying false or misleading information on the filing form, application for registration, or any accompanying statements shall constitute grounds for disciplinary action under section 9.

Subd. 5. [PROVISION OF MENTAL HEALTH SERVICES WITHOUT FILING.] It is unlawful for any person not filing with the board to provide mental health services in this state as defined in section 2, subdivision 4. Any person violating subdivision 1 is guilty of a gross misdemeanor.

#### Sec. 5. [148B.05] [CODE OF PROFESSIONAL CONDUCT.]

Subdivision 1. [PROHIBITED CONDUCT.] Notwithstanding any law to the contrary, the board may reject a filing or application, or may impose disciplinary action as described in section 9 against any mental health practitioner for failure to comply with the provisions of sections 1 to 21. The following conduct is prohibited and is grounds for disciplinary action:

(a) Conviction of a crime reasonably related to the provision of mental health services. Conviction, as used in this subdivision, includes a conviction of an offense which, if committed in this state, would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned but the adjudication of guilt is either withheld or not entered.

(b) Conviction of crimes against persons. For the purposes of this chapter, a crime against a person means violations of the following sections: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.221; 609.222; 609.223; 609.224; 609.23; 609.231; 609.235; 609.24; 609.245; 609.25; 609.255; 609.265; 609.26, subdivision 1, clause (1) or (2); 609.342; 609.343; 609.344; 609.345; 609.365; 609.498, subdivision 1; 609.50, clause (1); 609.561; 609.562; and 609.595.

(c) Revocation, suspension, restriction, limitation, or other disciplinary action against the mental health practitioner's license, certificate, registration, or right of practice in another state or jurisdiction, for offenses that would be subject to disciplinary action

in this state, or failure to report to the board that charges regarding the person's license, certificate, registration, or right of practice have been brought in another state or jurisdiction.

(d) Advertising that is false or misleading.

(e) Filing with the board false or misleading statements of credentials, training, or experience.

(f) Engaging in any unprofessional conduct; conduct likely to deceive, defraud, or harm the public; or demonstrating a willful or careless disregard for the health, welfare, or safety of a client; or any other practice that is professionally incompetent in that it may create unnecessary danger to any client's life, health, or safety, in any of which cases, proof of actual injury need not be established.

(g) Adjudication as mentally incompetent, or as a person who has a psychopathic personality as defined in section 526.09 or who is dangerous to himself or herself, or adjudication pursuant to chapter 253B as chemically dependent, mentally ill, mentally retarded, or mentally ill and dangerous to the public.

(h) Inability to provide mental health services with reasonable skill and safety to clients by reason of physical, mental, or emotional illness; drunkenness; or use of legend drugs, chemicals, controlled substances, or any other similar materials or mood-altering substances.

(i) Revealing a privileged communication from, or relating to, a client except when otherwise required or permitted by law.

(j) Improper management of client records, including failure to maintain adequate client records, to comply with a client's request made under section 144.335 or to furnish a client record or report required by law.

(k) Splitting fees or promising to pay a portion of a fee to any other mental health practitioner other than for services rendered by the other mental health practitioner to the client.

(l) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

(m) Addiction to, or the habitual use of, a drug, intoxicant, chemical, or other mood-altering substance.

(n) Engaging in sexual contact with a client or former client as defined in section 148A.01.

(o) Failure to make reports as required by section 6, or cooperate with an investigation of the board as required by section 8.

(p) Obtaining money, property, or services from a client, other than reasonable fees for services provided to the client, through the use of undue influence, harassment, duress, deception, or fraud.

(q) Undertaking or continuing a professional relationship with a client in which the objectivity of the practitioner would be impaired due to a familial, social, emotional, economic, supervisory, or political interpersonal relationship.

(r) Undertaking or continuing a professional relationship with a client in which objectivity or effectiveness is or would be impaired due to divorce, grief reaction, severe health problem, or other situation affecting the practitioner.

(s) Failure to provide the client with a copy of the client bill of rights, or violation of any provision of the client bill of rights.

Subd. 2. [DISCLOSURE.] Subject to the exceptions listed in this subdivision, all communications or information received by or disclosed to the board relating to any person or matter subject to its regulatory jurisdiction, and all records of any action or proceedings thereon, except a final decision of the board, are confidential and privileged and any disciplinary hearing shall be closed to the public.

(a) Upon application of a party in a proceeding before the board under section 17, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with the provisions of rule 34, Minnesota rules of civil procedure.

(b) If the board imposes disciplinary measures of any kind, the name and business address of the mental health practitioner, the nature of the misconduct, and the action taken by the board are public data.

(c) The board shall exchange information with other licensing boards, agencies, or departments within the state, as required under section 214.10, subdivision 8, paragraph (d), and may release information in the reports required under sections 3, subdivision 6, and 14.

Subd. 3. [EFFECTIVE DATES.] A suspension, revocation, condition, limitation, qualification or restriction of a practitioner's right to practice shall be in effect pending determination of an appeal unless the court, upon petition and for good cause shown, shall otherwise order.

The right to provide mental health services is automatically suspended if (1) a guardian of the person of a mental health practitioner is appointed by order of a probate court pursuant to sections 525.54 to 525.612, for reasons other than the minority of the mental health practitioner; or (2) the mental health practitioner is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The right to provide mental health services remains suspended until the mental health practitioner is restored to capacity by a court and, upon petition by the mental health practitioner, the suspension is terminated by the board after a hearing.

**Subd. 4. [CONDITIONS ON REISSUED RIGHT OF PRACTICE.]** In its discretion, the board may restore and reissue permission to provide to practice mental health services, but as a condition thereof may impose any disciplinary or corrective measure which it might originally have imposed.

**Subd. 5. [TEMPORARY SUSPENSION OF RIGHT OF PRACTICE.]** In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend the right of practice of a mental health practitioner if the board finds that the practitioner has violated a statute or rule which the board is empowered to enforce and continued practice by the practitioner would create a serious risk of harm to the public. The suspension shall take effect upon written notice to the practitioner, specifying the statute or rule violated. The suspension shall remain in effect until the board issues a final order in the matter after a hearing. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held pursuant to the administrative procedure act. The practitioner shall be provided with at least 20 days notice of any hearing held pursuant to this subdivision. The hearing shall be scheduled to begin no later than 30 days after the issuance of the suspension order.

**Subd. 6. [EVIDENCE.]** In disciplinary actions alleging a violation of subdivision 1, paragraph (a), (b), (c), or (d), a copy of the judgment or proceeding under the seal of the court administrator or of the administrative agency which entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of the contents thereof.

**Subd. 7. [MENTAL EXAMINATION; ACCESS TO MEDICAL DATA.]** (a) If the board has probable cause to believe that a practitioner comes under subdivision 1, paragraph (h), (i), or (n), it may direct the practitioner to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision every practitioner regulated under this chapter is deemed to have consented to submit to a mental or physical examination or chemical dependency evaluation when directed in writing by the board and further to have waived all objections to the

admissibility of the examining physicians', psychologists', or mental health practitioners' testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a practitioner to submit to an examination when directed constitutes an admission of the allegations against the practitioner, unless the failure was due to circumstance beyond the practitioner's control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A practitioner affected under this paragraph shall at reasonable intervals be given an opportunity to demonstrate that the practitioner can resume the provision of mental health services with reasonable safety to clients.

In any proceeding under this paragraph, neither the record of proceedings nor the orders entered by the board shall be used against a practitioner in any other proceeding.

(b) In addition to ordering a physical or mental examination, the board may, notwithstanding section 13.42, 144.651, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a practitioner or applicant without the practitioner's or applicant's consent if the board has probable cause to believe that a practitioner comes under subdivision 1, paragraph (g), (h), or (m). The medical data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision, unless the information is false and the provider giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private under sections 13.01 to 13.87.

Subd. 8. [TAX CLEARANCE CERTIFICATE.] (a) In addition to the provisions of subdivision 1, the board may not issue or renew a filing if the commissioner of revenue notifies the board and the practitioner or applicant for a filing that the practitioner or applicant owes the state delinquent taxes in the amount of \$500 or more. The board may issue or renew the filing only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the practitioner or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the practitioner or applicant does not owe the state any uncontested delinquent taxes.

(b) For purposes of this subdivision, the following terms have the meanings given.



(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.

(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the practitioner or applicant has entered into a payment agreement to pay the liability and is current with the payments.

(c) In lieu of the notice and hearing requirements of section 17, when a practitioner or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the practitioner or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the practitioner or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the practitioner or applicant. The notice may be served personally or by mail.

(d) The board shall require all practitioners or applicants to provide their social security number and Minnesota business identification number on all filing applications. Upon request of the commissioner of revenue, the board must provide to the commissioner of revenue a list of all practitioners and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the practitioners and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release information necessary to accomplish the purpose of this subdivision.

#### Sec. 6. [148B.06] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for discipline under sections 1 to 21 may report the violation to the board.

Subd. 2. [INSTITUTIONS.] Any state agency, political subdivision, agency of a local unit of government, private agency, hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the board any action taken by the agency, institution or organization or any of its administrators or medical or other committees to revoke, suspend, restrict, or condition a practitioner's privilege to practice or treat patients or clients in the institution, or as part of the organization, any denial of privileges, or any other disciplinary action. The institution or organization shall also report the resignation of any

practitioners prior to the conclusion of any disciplinary proceeding, or prior to the commencement of formal charges but after the practitioner had knowledge that formal charges were contemplated or in preparation. No report shall be required of a practitioner voluntarily limiting the practice of the practitioner at a hospital provided that the practitioner notifies all hospitals at which the practitioner has privileges of the voluntary limitation and the reasons for it.

Subd. 3. [PROFESSIONAL SOCIETIES.] A state or local professional society for marriage and family therapists, social workers, or other mental health practitioners shall report to the board any termination, revocation, or suspension of membership or any other disciplinary action taken against a mental health practitioner. If the society has received a complaint which might be grounds for discipline under sections 1 to 21 against a member practitioner on which it has not taken any disciplinary action, the society shall report the complaint and the reason why it has not taken action on it or shall direct the complainant to the board of mental health practitioners.

Subd. 4. [MENTAL HEALTH PRACTITIONERS AND LICENSED PROFESSIONALS.] A mental health practitioner or a licensed health professional shall report to the board personal knowledge of any conduct which the practitioner or professional reasonably believes constitutes grounds for disciplinary action under sections 1 to 21 by any practitioner, including any conduct indicating that the practitioner may be medically incompetent, or may have engaged in unprofessional conduct or may be medically or physically unable to engage safely in the provision of mental health services. No report shall be required if the information was obtained in the course of a practitioner-client relationship if the client is another practitioner and the treating practitioner successfully counsels the other practitioner to limit or withdraw from practice to the extent required by the impairment.

Subd. 5. [INSURERS.] Four times each year as prescribed by the board, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to mental health practitioners, or the medical joint underwriting association under chapter 62F, shall submit to the board a report concerning the practitioners against whom malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:

(1) the total number of malpractice settlements or awards made to the plaintiff;

(2) the date the malpractice settlements or awards to the plaintiff were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;

(4) the dollar amount of each malpractice settlement or award;

(5) the regular address of the practice of the practitioner against whom an award was made or with whom a settlement was made; and

(6) the name of the practitioner against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the above information, report to the board any information it possesses which tends to substantiate a charge that a practitioner may have engaged in conduct violating sections 1 to 21.

Subd. 6. [COURTS.] The court administrator of district court or any other court of competent jurisdiction shall report to the board any judgment or other determination of the court which adjudges or includes a finding that a practitioner is mentally ill, mentally incompetent, guilty of a felony, or guilty of a violation of federal or state narcotics laws or controlled substances act, guilty of an abuse or fraud under Medicare or Medicaid, appoints a guardian of the practitioner pursuant to sections 525.54 to 525.61 or commits a practitioner pursuant to chapter 253B or sections 526.09 to 526.11.

Subd. 7. [SELF-REPORTING.] A practitioner shall report to the board any personal action which would require that a report be filed with the board by any person, health care facility, business, or organization pursuant to subdivisions 2 to 6.

Subd. 8. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 7 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to assure prompt and accurate reporting.

Subd. 9. [SUBPOENAS.] The board may issue subpoenas for the production of any reports required by subdivisions 2 to 7 or any related documents.

Sec. 7. [148B.07] [IMMUNITY.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the board pursuant to section 6 or for otherwise reporting to the board violations or alleged violations of section 5 or 13. All such reports are confidential and absolutely privileged communications.

Subd. 2. [INVESTIGATION.] Members of the board and persons employed by the board or engaged in the investigation of violations and in the preparation and management of charges of violations of sections 1 to 21 on behalf of the board are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 1 to 21.

Sec. 8. [148B.08] [PRACTITIONER COOPERATION.]

A practitioner who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of client records, as reasonably requested by the board, to assist the board in its investigation. The board shall pay for copies requested. If the board does not have a written consent from a client permitting access to the client's records, the practitioner shall delete any data in the record which identifies the client before providing it to the board. The board shall maintain any records obtained pursuant to this section as investigative data pursuant to chapter 13.

Sec. 9. [148B.09] [DISCIPLINARY ACTIONS.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the board finds that a practitioner has violated a provision or provisions of sections 1 to 21, it may do one or more of the following:

- (1) deny or reject the filing or application for registration;
- (2) revoke the right to practice or the right to the use of a registered title;
- (3) suspend the right to practice or the right to the use of a registered title;
- (4) impose limitations or conditions on the practitioner's provision of mental health services, the imposition of rehabilitation requirements, or the requirement of practice under supervision;
- (5) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the practitioner of any economic advantage gained by reason of the violation charged or to reimburse the board for all costs of the investigation and proceeding;
- (6) order the practitioner to provide unremunerated professional service under supervision at a designated public hospital, clinic, or other health care institution; or

(7) censure or reprimand the practitioner.

Subd. 2. [PROCEDURES.] The board shall adopt a written statement of internal operating procedures for receiving and investigating complaints reviewing misconduct cases, and imposing disciplinary actions.

Subd. 3. [MANDATORY SUSPENSION OR REVOCATION OF RIGHT OF PRACTICE.] The board shall suspend or revoke the right of a practitioner to provide mental health services, and the right to use any registered title, for violations of section 5, subdivision 1, paragraphs (a), (b), and (n).

Sec. 10. [148B.10] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any board disciplinary action taken under sections 1 to 21, the reviewing court shall seal the administrative record, except for the board's final decision, and shall not make the administrative record available to the public.

Sec. 11. [148B.11] [PRACTITIONER ACCOUNTABILITY.]

Subdivision 1. [INVESTIGATION.] The board shall maintain and keep current a file containing the reports and complaints filed against practitioners in the state. Each complaint filed with the board pursuant to section 214.10, subdivision 1, shall be investigated according to section 214.10, subdivision 2.

Whenever the files maintained by the board show that a malpractice settlement or award to the plaintiff has been made against a practitioner as reported by insurers pursuant to section 6, the executive director of the board shall notify the board and the board may authorize a review of the practitioner's practice.

Subd. 2. [ATTORNEY GENERAL INVESTIGATES.] When the board initiates a review of a practitioner's practice it shall notify the attorney general who shall investigate the matter in the same manner as provided in section 214.10. If an investigation is to be made, the attorney general shall notify the practitioner, and, if the incident being investigated occurred there, the administrator and chief of staff at the health care facilities or clinics in which the practitioner serves, if applicable.

Subd. 3. [ACCESS TO RECORDS.] The board shall have access to records of a client treated by the practitioner under review if the client signs a written consent permitting such access. If no consent form has been signed, the hospital, clinic, or practitioner shall first delete data in the record which identifies the client before providing it to the board.

## Sec. 12. [148B.12] [MALPRACTICE HISTORY.]

Subdivision 1. [SUBMISSION.] Practitioners who have previously practiced in another state shall submit with their filing the following information:

(1) number, date, and disposition of any malpractice settlement or award made to the plaintiff or other claimant relating to the quality of mental health services provided by the practitioner; and

(2) number, date, and disposition of any civil litigations or arbitrations relating to the quality of mental health services provided by the practitioner in which the party complaining against the practitioner prevailed or otherwise received a favorable decision or order.

Subd. 2. [BOARD ACTION.] The board shall give due consideration to the information submitted under this section. An applicant who willfully submits incorrect information shall be subject to disciplinary action under section 9.

## Sec. 13. [148B.13] [MENTAL HEALTH CLIENT BILL OF RIGHTS.]

Subdivision 1. [SCOPE.] All mental health practitioners other than those providing services in a facility regulated under section 144.651 shall provide to each client prior to providing treatment a written copy of the mental health client bill of rights. Reasonable accommodations shall be made for those clients who cannot read or who have communication impairments and those who do not read or speak English. The mental health client bill of rights shall include the following:

(a) The name, title, business address, and telephone number of the mental health practitioner.

(b) The degrees, training, experience, or other qualifications of the mental health practitioner.

(c) The name, business address, and telephone number of the mental health practitioner's supervisor, if any.

(d) Notice that a client has the right to file a complaint with the practitioner's supervisor, if any, and the procedure for filing complaints.

(e) The name, address, and telephone number of the board of mental health practitioners and notice that a client may file complaints with the board.

(f) The practitioner's fees per unit of service, the practitioner's method of billing for such fees, the names of any insurance companies that have agreed to reimburse the practitioner, or health maintenance organizations with whom the practitioner contracts to provide service, whether the practitioner accepts Medicare, medical assistance, or general assistance medical care, and whether the provider is willing to accept partial payment, or to waive payment, and in what circumstances.

(g) A statement that the client has a right to reasonable notice of changes in services or charges.

(h) A brief summary, in plain language, of the theoretical approach used by the therapist in treating patients.

(i) Notice that the client has a right to complete and current information concerning the practitioner's diagnosis and recommended course of treatment, including the expected duration of treatment.

(j) A statement that clients may expect courteous treatment and to be free from verbal, physical, or sexual abuse by the therapist. For the purposes of this section, abuse has the meaning given to it in section 144.651.

(k) A statement that client records and transactions with the therapist shall be confidential, unless release of these records is authorized in writing by the client, or otherwise provided by law.

(l) The right to be allowed access to records and written information from records in accordance with section 144.335.

(m) A statement that other services may be available in the community, including where information concerning such services may be available.

(n) A statement that the client has the right to choose freely among available providers, and to change providers after services have begun, within the limits of health insurance, medical assistance, or other health programs.

(o) A statement that the client has a right to coordinated transfer when there will be a change in the provider of services.

(p) A statement that the client has a right to receive mental health services according to a suitable and up-to-date plan, and to take an active part in creating and changing the plan and evaluating care and services.

(q) A statement that the client may refuse services or treatment, unless otherwise provided by law.

(r) A statement that the client may assert the client's rights without retaliation.

Subd. 2. [ACKNOWLEDGMENT BY CLIENT.] Prior to the provision of any service, the client must sign a written statement attesting that the client has received the client bill of rights.

Sec. 14. [148B.14] [PUBLICATION OF DISCIPLINARY ACTIONS.]

At least annually, the board shall publish and release to the public a description of all disciplinary measures taken by the board. The publication must include, for each disciplinary measure taken, the name and business address of the practitioner, the nature of the misconduct, and the disciplinary measure taken by the board.

Sec. 15. [148B.15] [EVIDENCE OF PAST SEXUAL CONDUCT.]

In a proceeding for the suspension or revocation of the right to practice or other disciplinary action for unethical or unprofessional conduct involving sexual contact with a client or former client, the board or administrative law judge shall not consider evidence of the client's previous sexual conduct nor shall any reference to this conduct be made during the proceedings or in the findings, except by motion of the complainant, unless during the proceedings or in the findings, except by motion of the complainant, unless the evidence would be admissible under the applicable provisions of section 609.347, subdivision 3.

Sec. 16. [148B.16] [DISPUTE RESOLUTION.]

Subdivision 1. [ARBITRATION.] The board shall encourage mental health practitioners to submit all fee disputes to binding arbitration.

Subd. 2. [MEDIATION.] The board shall encourage mental health practitioners to submit all disputes which are not related to violations of the code of professional conduct set forth in section 5 to voluntary mediation.

Sec. 17. [148B.17] [CONTESTED CASES.]

In any disciplinary proceeding under section 9, the provisions of chapters 14 and 214 shall apply.

Sec. 18. [148B.18] [FEES.]



The board shall by rule establish fees for filings, applications for registration, and renewals of filings or applications for registration such that the total fees collected by the board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128.

The fees established under this section shall include an amount necessary to recover, over a five-year period, expenditures of the board prior to the effective date of rules establishing fees.

Fees must be credited to the special revenue fund.

Sec. 19. [148B.19] [RENEWALS.]

Notwithstanding any law to the contrary, the board shall adopt rules providing for the renewal of filings and certificates of registration. The rules shall specify the period of time for which a filing or certificate of registration is valid, procedures and information required for the renewal, and renewal fees to be paid under section 18.

Sec. 20. [148B.20] [REGISTRATION OF MARRIAGE AND FAMILY THERAPISTS.]

Subdivision 1. [PROTECTION OF TITLE.] A person shall not use the title of marriage and family therapist, marriage and family counselor, marriage and family advisor, or marriage and family consultant if the person has not met the requirements of this section.

Subd. 2. [ADVISORY COUNCIL OF MARRIAGE AND FAMILY THERAPY.] (a) In its initial composition, the advisory council shall consist of (1) three persons who meet the criteria in subdivision 3, one of whom is also a member of the board of mental health practitioners, (2) three public members appointed by the board of mental health practitioners, and (3) one representative of a third party payer of health care costs.

(b) Within one year of the effective date of rules adopted by the board of mental health practitioners to govern the registration of marriage and family therapists, members of the advisory council specified in paragraph (a), clause (1) shall be registered marriage and family therapists.

(c) The advisory council of marriage and family therapy shall advise the board of mental health practitioners on rules to establish criteria for use of the title of marriage and family therapist. The advisory council shall advise the board of mental health practitioners as to whether an applicant for registration as a marriage and family therapist meets the criteria established in this section and relevant rules of the board of mental health practitioners.

Subd. 3. [CRITERIA FOR REGISTRATION AS A MARRIAGE AND FAMILY THERAPIST.] To be registered as a marriage and family therapist, or a closely related title, an applicant must provide to the board evidence that he or she holds a masters or doctoral degree in marriage and family therapy from an accredited institution as determined by the board of mental health practitioners in rule, or a masters or doctoral degree in an allied mental health profession as defined by the board of mental health practitioners in rule.

Subd. 4. [SUSPENSION, REVOCATION OF RIGHT TO USE TITLE.] The board of mental health practitioners may suspend or revoke the right to use the title of marriage and family therapist for failure to maintain compliance with the criteria established in this section and in relevant rules of the board of mental health practitioners for registration as a marriage and family therapist. The board may proceed jointly to suspend or revoke both the right to provide mental health services and the right to use of the title marriage and family therapist. Suspension or revocation of the right to use the title marriage and family therapist is automatic upon suspension or revocation of the right to provide mental health services by the board of mental health practitioners.

Subd. 5. [MANDATORY REPORTING.] The advisory council of marriage and family therapy shall report all cases of alleged or suspected violations of the mental health practitioners act to the board of mental health practitioners.

## Sec. 21. [148B.21] [REGISTRATION OF SOCIAL WORKERS.]

Subdivision 1. [PROTECTION OF TITLE.] A person shall not use the title of social worker, master social worker, or clinical social worker, except in accordance with this section and relevant rules of the board of mental health practitioners.

Subd. 2. [ADVISORY COUNCIL OF SOCIAL WORK.] (a) In its initial composition, the advisory council shall consist of (1) three persons who meet the criteria in subdivision 3, one of whom shall be a member of the board of mental health practitioners, one of whom shall be employed by a public agency, and one of whom shall hold a degree related to social work as defined by the board of mental health practitioners in rule, (2) three public members appointed by the board of mental health practitioners, (3) one representative of a third party payer of health care costs, and (4) two representatives of a local unit of government.

(b) Within one year of the effective date of rules adopted by the board of mental health practitioners to govern the registration of social workers, members of the advisory council specified in paragraph (a), clause (1) shall be registered social workers.

(c) The advisory council of social work shall advise the board of mental health practitioners on rules to establish criteria for the use of the titles of social worker, master social worker, and clinical social worker. The advisory council shall also advise the board of mental health practitioners as to whether an applicant for registration as a social worker meets the criteria in this section and relevant rules established by the board of mental health practitioners.

Subd. 3. [CRITERIA.] (a) To be registered as a social worker, an applicant must provide satisfactory evidence that the applicant has received a baccalaureate degree with a major in social work or a related field from an accredited college or university as determined by the board of mental health practitioners in rule.

(b) To be registered as a master social worker, the applicant must provide satisfactory evidence that the applicant:

(1) has received a masters or doctoral degree in social work from an accredited college or university; and

(2) has engaged in supervised social work practice for two years or 4,000 hours after receiving the masters or doctoral degree in social work.

(c) To be registered as a clinical social worker, the applicant must provide satisfactory evidence that the applicant:

(1) has received a masters or doctoral degree in social work from an accredited college or university that includes an advanced concentration in clinically oriented course work as specified by the board in rule;

(2) has successfully completed a supervised clinical field placement at the graduate or post-graduate level; and

(3) has practiced clinical social work as defined by the board in rule for at least two years or 4,000 hours after receiving the masters or doctoral degree in social work.

Subd. 4. [SUSPENSION, REVOCATION OF TITLE.] The board of mental health practitioners may revoke or suspend the right to use the title of social worker, master social worker, or clinical social worker for failure to maintain compliance with the criteria established in this section and in relevant rules of the board of mental health practitioners for registration as a social worker, master social worker, or clinical social worker. The board may proceed jointly to suspend or revoke both the right to provide mental health services and the right to use the title social worker, master social worker, or clinical social worker. Suspension or revocation of the right to use these titles is automatic upon the suspension or revocation of the

right to provide mental health services by the board of mental health practitioners.

Subd. 5. [MANDATORY REPORTING.] The advisory board on social work shall report all alleged or suspected violations of the mental health practitioners act to the board of mental health practitioners.

Sec. 22. [144B.22] [ADVISORY COUNCILS PERMANENT.]

Notwithstanding the provisions of section 15.059, subdivision 5, the advisory council of marriage and family therapy and the advisory council of social work shall be permanent.

Advisory council members shall receive compensation under section 15.059, subdivision 3.

Sec. 23. Minnesota Statutes 1986, section 13.41, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section "licensing agency" means any board, department or agency of this state which is given the statutory authority to issue professional or other types of licenses, including the board of mental health practitioners, except the various agencies primarily administered by the commissioner of human services. Data pertaining to persons or agencies licensed or registered under authority of the commissioner of human services shall be administered pursuant to section 13.46, subdivision 4.

Sec. 24. Minnesota Statutes 1986, section 144.335, subdivision 1, is amended to read:

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

(a) "Patient" means a natural person who has received health care services from a provider for treatment of a medical, psychiatric or mental condition, or a person the patient designates in writing as a representative. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, "patient" includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapters 147, 148, 150A, 151 or 153; a mental health practitioner under chapter 148B; and (2) a health care facility licensed pursuant to this chapter or chapter 144A.

Sec. 25. Minnesota Statutes 1986, section 148A.01, subdivision 5, is amended to read:

Subd. 5. [PSYCHOTHERAPIST.] "Psychotherapist" means a physician, psychologist, nurse, chemical dependency counselor, social worker, member of the clergy, mental health practitioner, or other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

Sec. 26. Minnesota Statutes 1986, section 214.01, subdivision 2, is amended to read:

Subd. 2. "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the board of medical examiners created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of psychology established pursuant to section 148.90, the board of mental health practitioners established pursuant to section 3, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatry established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 27. Minnesota Statutes 1986, section 609.341, subdivision 17, is amended to read:

Subd. 17. "Psychotherapist" means a physician, psychologist, nurse, chemical dependency counselor, social worker, clergy, mental health practitioner, or other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

#### Sec. 28. [EMERGENCY RULES.]

The board may adopt emergency rules under sections 14.29 to 14.385 to carry out the provisions of this chapter, including adopting emergency rules for implementing and administering sections 20 and 21. The authority to use sections 14.29 to 14.385 will expire on December 31, 1988.

#### Sec. 29. [APPROPRIATION.]

\$835,000 is appropriated from the special revenue fund to the board for costs of administering sections 1 to 27.

#### Sec. 30. [EFFECTIVE DATE.]

Sections 4 to 27 are effective July 1, 1988."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gruenes et al amendment and the roll was called. There were 49 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	McDonald	Ozment	Sparby
Bennett	Gutknecht	McEachern	Poppenhagen	Svigum
Bertram	Hartle	McKasy	Quist	Thiede
Bishop	Haukoos	McPherson	Redalen	Tjornhom
Blatz	Heap	Miller	Richter	Tompkins
Boo	Himle	Morrison	Rose	Uphus
Burger	Hugoson	O'Connor	Sarna	Valento
Clausnitzer	Johnson, V.	Olsen, S.	Schafer	Waltman
Dille	Knickerbocker	Omann	Schreiber	Wenzel
Frerichs	Marsh	Onnen	Shaver	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Otis	Simoneau
Battaglia	Jacobs	Lieder	Pappas	Skoglund
Bauerly	Jaros	Long	Pelowski	Solberg
Beard	Johnson, R.	McLaughlin	Peterson	Stanius
Begich	Kahn	Minne	Price	Steensma
Brown	Kalis	Munger	Quinn	Trimble
Carlson, L.	Kelly	Murphy	Reding	Tunheim
Carruthers	Kelso	Nelson, C.	Rest	Vanasek
Clark	Kinkel	Nelson, D.	Rice	Vellenga
Cooper	Kludt	Nelson, K.	Riveness	Wagenius
Dauner	Knuth	Ogren	Rodosovich	Welle
DeBlicek	Kostohryz	Olson, E.	Rukavina	Winter
Dorn	Krueger	Olson, K.	Schoenfeld	Wynia
Forsythe	Larsen	Orenstein	Segal	Spk. Norton

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

Poppenhagen was excused while in conference.

Gruenes moved to amend H. F. No. 290, the third engrossment, as follows:

Page 16, line 5, delete "Social"

Page 16, delete lines 6 to 10

Page 16, line 15, after the semicolon delete to the end of the line

Page 16, line 15, delete everything before the semicolon and insert "a clinical social worker with a masters degree in social work from an accredited college or university, licensed under chapter 148B,

with at least two years of post masters supervised experience in direct clinical practice"

Page 16, line 30, delete "9" and insert "10"

Page 16, line 30, after the period delete "For the"

Page 16, delete lines 31 to 36

Page 17, delete lines 1 to 25

Page 17, delete lines 32 to 36

Page 18, delete lines 1 to 7

Page 18, line 16, delete "The six social"

Page 18, delete lines 17 to 19

Page 19, line 23, delete "of each of the four groups of"

Page 20, line 16, after "of" insert a colon and delete to the end of the line

Page 20, delete lines 17 to 18

Page 20, delete lines 29 to 35

Page 21, line 7, after "work" insert "or a related field"

Page 21, delete lines 10 to 12

Page 21, delete lines 16 to 36

Page 22, delete lines 1 to 25

Page 23, line 4, delete the colon

Page 23, line 5, delete "(1) for a licensed social worker,"

Page 23, line 7, after "work" insert "or a related field"

Page 23, line 7, after the comma delete to the end of the line

Page 23, delete lines 8 to 11 and insert "or two years in full-time employment as a social worker within the last five years"

Page 23, delete lines 12 to 35

Page 24, line 3, delete "applicable supervision"

Page 24, after "4" delete "for"

Page 24, line 4, delete "each category of licensees"

Page 25, line 9, after "worker" insert a period

Page 25, delete lines 10 to 11,

Page 26, line 3, after "work" insert "or a related field"

Page 26, line 3, after the comma delete "or to"

Page 26, delete lines 4 to 6

Renumber remaining subdivisions and sections

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

Gruenes moved to amend H. F. No. 290, the third engrossment, as follows:

Page 26, after line 24, insert:

"Subd. 6. [HOSPITAL AND NURSING HOME SOCIAL WORKERS.] The licensure of social workers employed by hospitals and nursing homes licensed under chapters 144 and 144A shall be voluntary. Hospitals and nursing homes employing social workers shall not be required to employ licensed social workers, nor shall they require their social work employees to be licensed."

A roll call was requested and properly seconded.

The question was taken on the Gruenes amendment and the roll was called. There were 77 yeas and 50 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Hugoson	Marsh	Onnen
Anderson, R.	Dauner	Jacobs	McDonald	Ozment
Bauerly	DeBlick	Jaros	McKasy	Pelowski
Bennett	Dille	Jennings	McPherson	Poppenhagen
Bertram	Forsythe	Jensen	Miller	Quist
Bishop	Frerichs	Johnson, V.	Minne	Redalen
Blatz	Gruenes	Kalis	Morrison	Richter
Boo	Gutknecht	Kelly	Neuenschwander	Rose
Brown	Hartle	Kelso	Olsen, S.	Schafer
Burger	Haukoos	Kinkel	Olson, E.	Schoenfeld
Clark	Heap	Knickerbocker	Olson, K.	Schreiber
Clausnitzer	Himle	Lieder	Omann	Seaberg



Shaver	Steensma	Tjornhom	Valento	Winter
Solberg	Sviggum	Tompkins	Vellenga	
Sparby	Swenson	Tunheim	Waltman	
Stanius	Thiede	Uphus	Wenzel	

Those who voted in the negative were:

Battaglia	Kahn	Munger	Pappas	Segal
Beard	Kludt	Murphy	Peterson	Simoneau
Begich	Knuth	Nelson, C.	Quinn	Skoglund
Carlson, L.	Kostohryz	Nelson, D.	Reding	Trimble
Carruthers	Krueger	Nelson, K.	Rice	Vanasek
Dorn	Larsen	O'Connor	Riveness	Voss
Greenfield	Lasley	Ogren	Rodosovich	Wagenius
Jefferson	Long	Orenstein	Rukavina	Welle
Johnson, A.	McEachern	Osthoff	Sarna	Wynia
Johnson, R.	McLaughlin	Otis	Scheid	Spk. Norton

The motion prevailed and the amendment was adopted.

Stanius moved to amend H. F. No. 290, the third engrossment, as amended, as follows:

Page 15, delete lines 12 to 19

Page 25, line 16, after the period, delete to the end of the line

Page 25, delete lines 17 to 19

Page 26, delete lines 12 to 17

Renumber the remaining subdivisions.

A roll call was requested and properly seconded.

#### POINT OF ORDER

Sviggum raised a point of order pursuant to rule 5.10 that H. F. No. 290, as amended, was not in order. Speaker pro tempore Simoneau ruled the point of order not well taken and H. F. No. 290, as amended, in order.

The question recurred on the Stanius amendment and the roll was called. There were 39 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Bennett	Dille	Knickerbocker	Miller	Redalen
Bishop	Gutknecht	Krueger	Olsen, S.	Richter
Blatz	Haukoos	Marsh	Omann	Rose
Burger	Heap	McDonald	Onnen	Schafer
Carlson, D.	Hugoson	McKasy	Poppenhagen	Schoenfeld
Clausnitzer	Johnson, V.	McPherson	Quist	Schreiber

Shaver Stanius	Sviggum Thiede	Tompkins Uphus	Valento Waltman	Wenzel
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Those who voted in the negative were:

Anderson, G.	Jacobs	Lieder	Osthoff	Simoneau
Anderson, R.	Jaros	Long	Otis	Skoglund
Battaglia	Jefferson	McEachern	Pappas	Solberg
Bauerly	Jennings	McLaughlin	Pelowski	Sparby
Beard	Jensen	Milbert	Peterson	Steensma
Begich	Johnson, A.	Minne	Price	Swenson
Bertram	Johnson, R.	Morrison	Quinn	Tjornhom
Carlson, L.	Kahn	Munger	Reding	Trimble
Carruthers	Kalis	Murphy	Rest	Tunheim
Clark	Kelly	Nelson, C.	Rice	Vanasek
Cooper	Kelso	Nelson, D.	Riveness	Vellenga
Dauner	Kinkel	Nelson, K.	Rodosovich	Voss
DeBlicek	Kludt	Neuenschwander	Rukavina	Wagenius
Dorn	Knuth	O'Connor	Sarna	Welle
Forsythe	Kostohryz	Ogren	Scheid	Winter
Greenfield	Larsen	Olson, E.	Seaberg	Wynia
Gruenes	Lasley	Orenstein	Segal	Spk. Norton

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

Heap was excused between the hours of 5:05 p.m. and 6:50 p.m.

Stanius moved to amend H. F. No. 290, the third engrossment, as amended, as follows:

Page 1, delete line 30

Page 2, delete lines 1 to 3

Page 2, line 4, delete "6" and insert "5"

Page 2, line 6, after the first comma, insert "and"

Page 2, line 6, after "therapy" delete to the end of the line and insert a period

Page 2, delete line 7

Page 2, line 8, delete "7" and insert "6"

Page 2, line 10, after "therapy" delete to the end of the line and insert a period

Page 2, delete line 11

Page 2, line 16, after the comma, insert "and"

Page 2, line 17, after the comma delete to the end of the line

Page 2, line 18, delete "service providers,"

Page 8, line 35, after the first comma, insert "and"

Page 8, line 35, after "therapy" delete to the end of the line

Page 8, line 36, delete "professionals"

Page 13, delete line 1

Page 13, line 2, delete "pursuant to article 4, section 2,"

Page 13, line 33, delete everything before "and"

Page 13, line 34, delete "15" and insert "14"

Page 14, line 27, delete "mental health"

Page 14, line 28, delete "service provider,"

Page 32, delete lines 28 to 36

Delete pages 33 to 42

A roll call was requested and properly seconded.

The question was taken on the Stanius amendment and the roll was called. There were 41 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	McPherson	Rose	Tjornhom
Bishop	Haukoos	Miller	Schafer	Tompkins
Boo	Hugoson	Morrison	Schreiber	Uphus
Burger	Johnson, V.	Olsen, S.	Seaberg	Valento
Carlson, D.	Kludt	Omann	Shaver	Waltman
Clausnitzer	Knickerbocker	Onnen	Stanius	
Dauner	Marsh	Poppenhagen	Sviggun	
Dille	McDonald	Quist	Swenson	
Gruenes	McKasy	Richter	Thiede	

Those who voted in the negative were:

Anderson, G.	Cooper	Johnson, A.	Lasley	Neuenschwander
Battaglia	DeBlieck	Johnson, R.	Lieder	O'Connor
Bauerly	Dorn	Kahn	Long	Ogren
Beard	Forsythe	Kalis	McEachern	Olson, E.
Begich	Greenfield	Kelly	McLaughlin	Olson, K.
Bertram	Hartle	Kelso	Milbert	Orenstein
Blatz	Jacobs	Kinkel	Minne	Osthoff
Brown	Jaros	Knuth	Munger	Ozment
Carlson, L.	Jefferson	Kostohryz	Murphy	Pappas
Carruthers	Jennings	Krueger	Nelson, C.	Peterson
Clark	Jensen	Larsen	Nelson, K.	Price

Quinn	Rukavina	Skoglund	Vanasek	Wynia
Reding	Sarna	Solberg	Vellenga	Spk. Norton
Rest	Scheid	Sparby	Voss	
Rice	Schoenfeld	Steensma	Wagenius	
Riveness	Segal	Trimble	Wenzel	
Rodosovich	Simoneau	Tunheim	Winter	

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

H. F. No. 290, A bill for an act relating to occupations and professions; establishing an office of social work and mental health boards; establishing a board of social work; regulating and licensing social workers; establishing a board of marriage and family therapy; licensing and regulating marriage and family therapists; establishing a board of unlicensed mental health service providers; regulating unlicensed health service providers; providing penalties; appropriating money; amending Minnesota Statutes 1986, sections 144.335, subdivision 1; 148A.01, subdivision 5; 214.01, subdivision 2; 214.04, subdivision 3; and 609.341, subdivision 17; proposing coding for new law as Minnesota Statutes, chapter 148B.

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 28 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Himle	Long	Otis	Solberg
Anderson, R.	Jacobs	McEachern	Ozment	Sparby
Battaglia	Jaros	McKasy	Pappas	Stanius
Bauerly	Jefferson	McLaughlin	Pelowski	Steensma
Beard	Jennings	Milbert	Peterson	Sviggum
Begich	Jensen	Minne	Price	Swenson
Bertram	Johnson, A.	Morrison	Quinn	Tompkins
Boo	Johnson, R.	Munger	Reding	Trimble
Brown	Kahn	Murphy	Rest	Tunheim
Burger	Kalis	Nelson, C.	Rice	Valento
Carlson, L.	Kelly	Nelson, D.	Riveness	Vanasek
Carruthers	Kelso	Nelson, K.	Rodosovich	Vellenga
Clark	Kinkel	Neuenschwander	Rukavina	Voss
Cooper	Kludt	O'Connor	Sarna	Wagenius
Dauner	Knuth	Ogren	Scheid	Welle
DeBlicek	Kostohryz	Olson, E.	Schoenfeld	Wenzel
Dorn	Krueger	Olson, K.	Seaberg	Winter
Forsythe	Larsen	Omann	Segal	Wynia
Greenfield	Lasley	Orenstein	Simoneau	Spk. Norton
Hartle	Lieder	Osthoff	Skoglund	

Those who voted in the negative were:

Bennett	Gruenes	Marsh	Poppenhagen	Thiede
Blatz	Gutknecht	McDonald	Quist	Tjornhom
Carlson, D.	Haukoos	McPherson	Richter	Uphus
Clausnitzer	Hugoson	Miller	Rose	Waltman
Dille	Johnson, V.	Olsen, S.	Schafer	
Frerichs	Knickerbocker	Onnen	Schreiber	

The bill was passed, as amended, and its title agreed to.

Speaker pro tempore Simoneau called Long to the Chair.

H. F. No. 606 was reported to the House.

Krueger moved to amend H. F. No. 606, the third engrossment, as follows:

Page 8, lines 28 and 29, delete "releases reported" and insert "costs incurred"

Page 8, line 32, delete "reported"

The motion prevailed and the amendment was adopted.

H. F. No. 606, as amended, was read for the third time.

#### POINT OF ORDER

Sviggum raised a point of order pursuant to rule 5.10 that H. F. No. 606, as amended, was not in order. Speaker pro tempore Long ruled the point of order well taken and H. F. No. 606, as amended, out of order.

Carlson, D., moved that H. F. No. 606, as amended, be re-referred to the Committee on Ways and Means. The motion prevailed.

Vanasek moved that the remaining bills on Special Orders for today with the exception of S. F. No. 1 be continued one day. The motion prevailed.

Vanasek moved pursuant to rule 5.10 that S. F. No. 1 meets the requirements of the House Budget Resolution.

A roll call was requested and properly seconded.

The question was taken on the Vanasek motion and the roll was called. There were 85 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bauerly	Bertram	Carlson, L.	Cooper
Anderson, R.	Beard	Brown	Carruthers	Dauner
Battaglia	Begich	Burger	Clark	DeBlicck

Dorn	Kinkel	Nelson, C.	Price	Sparby
Greenfield	Kludt	Nelson, D.	Quinn	Steensma
Hartle	Knuth	Nelson, K.	Reding	Trimble
Jacobs	Kostohryz	O'Connor	Rest	Tunheim
Jaros	Krueger	Ogren	Rice	Uphus
Jefferson	Larsen	Olson, E.	Riviness	Vanasek
Jennings	Lasley	Olson, K.	Rodosovich	Vellenga
Jensen	Lieder	Omann	Rose	Voss
Johnson, A.	Long	Orenstein	Rukavina	Wagenius
Johnson, R.	McEachern	Osthoff	Sarna	Welle
Kahn	McLaughlin	Otis	Schoenfeld	Wenzel
Kalis	Milbert	Pappas	Segal	Winter
Kelly	Minne	Pelowski	Simoneau	Wymia
Kelso	Murphy	Peterson	Solberg	Spk. Norton

Those who voted in the negative were:

Bennett	Haukoos	McPherson	Quist	Sviggum
Bishop	Himle	Miller	Redalen	Swenson
Blatz	Hugoson	Morrison	Richter	Thiede
Clausnitzer	Johnson, V.	Munger	Schafer	Tjornhom
Forsythe	Knickerbocker	Olsen, S.	Schreiber	Tompkins
Frerichs	Marsh	Onnen	Seaberg	Valento
Gruenes	McDonald	Ozment	Shaver	Waltman
Gutknecht	McKasy	Poppenhagen	Stanius	

The motion prevailed.

S. F. No. 1 was reported to the House.

Schoenfeld moved to amend S. F. No. 1, the unofficial engrossment, as follows:

Page 43, line 25, delete "grants"

Page 43, lines 26 and 27, delete "A set-aside grant may not be made" and insert "Under this subdivision, customized training may not be provided"

The motion prevailed and the amendment was adopted.

Burger moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 30, line 19, delete "\$3,500,000" and insert "\$3,150,000"

Page 43, line 32, delete "\$250,000" and insert "\$225,000"

Page 44, line 3, delete "\$250,000" and insert "\$225,000"

Page 45, line 24, delete "\$1,000,000" and insert "\$900,000"

Page 45, line 31, delete "\$500,000" and insert "\$450,000"

Page 45, line 32, delete "\$500,000" and insert "\$450,000"

Page 45, line 33, delete "\$1,000,000" and insert "\$900,000"

Page 45, line 36, delete "\$500,000" and insert "\$450,000"

Page 46, line 1, delete "\$500,000" and insert "\$450,000"

Page 63, line 14, delete "\$3,000,000" and insert "\$2,700,000"

A roll call was requested and properly seconded.

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

Those who voted in the affirmative were:

Bennett	Hartle	McPherson	Richter	Swenson
Bishop	Haukoos	Miller	Rose	Thiede
Blatz	Himle	Morrison	Schafer	Tjornhom
Burger	Hugoson	Olsen, S.	Scheid	Tompkins
Clausnitzer	Kelso	Onnen	Schreiber	Uphus
Dauner	Knickerbocker	Osthoff	Seaberg	Valento
Forsythe	Marsh	Ozment	Shaver	Waltman
Frerichs	McDonald	Poppenhagen	Stanius	
Gutknecht	McKasy	Quist	Sviggum	

Those who voted in the negative were:

Anderson, G.	Gruenes	Lasley	Orenstein	Simoneau
Anderson, R.	Jacobs	Lieder	Otis	Skoglund
Battaglia	Jefferson	Long	Pappas	Solberg
Bauerly	Jensen	McEachern	Pelowski	Sparby
Beard	Johnson, A.	McLaughlin	Peterson	Steensma
Begich	Johnson, R.	Minne	Quinn	Trimble
Bertram	Johnson, V.	Munger	Redalen	Tunheim
Brown	Kahn	Murphy	Reding	Vanasek
Carlson, D.	Kalis	Nelson, C.	Rest	Vellenga
Carlson, L.	Kelly	Nelson, K.	Rice	Voss
Carruthers	Kinkel	Neuenschwander	Riveness	Wagenius
Clark	Kludt	O'Connor	Rodosovich	Wenzel
Cooper	Knuth	Ogren	Rukavina	Winter
DeBlick	Kostohryz	Olson, E.	Sarna	Wynia
Dille	Krueger	Olson, K.	Schoenfeld	Spk. Norton
Greenfield	Larsen	Omamm	Segal	

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

Redalen and Carlson, D., moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 3, line 14, after "fish" insert "or rough fish, as defined in section 97A.015, subdivision 43, that are not commercially produced"

The motion prevailed and the amendment was adopted.

Schreiber moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 27, line 32, delete "a certified"

Page 27, line 33, delete "public accounting firm" and insert "the state auditor"

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called. There were 52 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	McPherson	Poppenhagen	Sviggum
Bishop	Gutknecht	Milbert	Quist	Swenson
Blatz	Hartle	Miller	Redalen	Thiede
Boo	Haukoos	Morrison	Richter	Tjornhom
Brown	Himle	Olsen, S.	Rose	Tompkins
Burger	Hugoson	Olson, E.	Schafer	Uphus
Carlson, D.	Johnson, V.	Omann	Scheid	Valento
Clausnitzer	Knickerbocker	Onnen	Schreiber	Waltman
Dille	Marsh	Orenstein	Seaberg	
Forsythe	McDonald	Osthoff	Shaver	
Frerichs	McKasy	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Jaros	Lasley	Pappas	Solberg
Battaglia	Jefferson	Lieder	Pelowski	Sparby
Bauerly	Jensen	Long	Peterson	Steensma
Beard	Johnson, A.	McEachern	Quinn	Trimble
Begich	Johnson, R.	McLaughlin	Reding	Tunheim
Bertram	Kahn	Minne	Rest	Vanasek
Carlson, L.	Kalis	Munger	Rice	Vellenga
Carruthers	Kelly	Murphy	Riveness	Voss
Clark	Kelso	Nelson, C.	Rodosovich	Wagenius
Cooper	Kinkel	Nelson, D.	Rukavina	Welle
Dauner	Kludt	Nelson, K.	Sarna	Wenzel
DeBlicck	Knuth	Neuenschwander	Schoenfeld	Winter
Dorn	Kostohryz	O'Connor	Segal	Wynia
Greenfield	Krueger	Ogren	Simoneau	Spk. Norton
Jacobs	Larsen	Otis	Skoglund	

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

Olsen, S., was excused for the remainder of today's session.

Schreiber moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Pages 28 to 30, delete section 30

Re-number the sections in sequence



A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called. There were 45 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	McKasy	Quist	Stanius
Bishop	Gutknecht	McPherson	Redalen	Swiggum
Blatz	Hartle	Miller	Richter	Swenson
Boo	Haukoos	Morrison	Rose	Thiede
Burger	Himle	Omann	Schafer	Tjornhom
Clausnitzer	Hugoson	Onnen	Scheid	Tompkins
Dille	Johnson, V.	Osthoff	Schreiber	Uphus
Forsythe	Knickerbocker	Ozment	Seaberg	Valento
Frerichs	McDonald	Poppenhagen	Shaver	Waltman

Those who voted in the negative were:

Anderson, G.	Jaros	Lasley	Orenstein	Solberg
Battaglia	Jefferson	Lieder	Otis	Steensma
Bauerly	Jennings	McEachern	Pappas	Trimble
Beard	Jensen	McLaughlin	Pelowski	Tunheim
Begich	Johnson, A.	Minne	Peterson	Vanasek
Bertram	Johnson, R.	Munger	Quinn	Vellenga
Brown	Kalis	Murphy	Reding	Voss
Carlson, L.	Kelly	Nelson, C.	Rice	Welle
Carruthers	Kelso	Nelson, D.	Rodosovich	Wenzel
Clark	Kinkel	Nelson, K.	Rukavina	Winter
Cooper	Kludt	Neuenschwander	Sarna	Wynia
Dauner	Knuth	O'Connor	Schoenfeld	Spk. Norton
DeBlicck	Kostohryz	Ogren	Segal	
Greenfield	Krueger	Olson, E.	Simoneau	
Jacobs	Larsen	Olson, K.	Skoglund	

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

Schreiber moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 14, line 36, delete everything after the first period

Page 15, delete line 1

Page 15, line 2, delete "made by the board" and insert "The governor shall appoint all members of the board with the advice and consent of the majority leader and the minority leader of the senate and the speaker and minority leader of the house of representatives"

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

Schreiber moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 3, line 12, after the semicolon insert "or"

Page 3, line 14, delete everything after "fish" and insert a period

Page 3, delete lines 15 to 18

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called. There were 47 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frichs	Marsh	Poppenhagen	Sviggun
Bennett	Gruenes	McDonald	Quist	Swenson
Bishop	Gutknecht	McKasy	Redalen	Thiede
Blatz	Hartle	McPherson	Richter	Tjornhom
Boo	Haukoos	Miller	Rose	Uphus
Burger	Heap	Morrison	Schafer	Valento
Carlson, D.	Himle	Omann	Schreiber	Waltman
Clausnitzer	Hugoson	Onnen	Seaberg	
Dille	Johnson, V.	Osthoff	Shaver	
Forsythe	Knickerbocker	Ozment	Stanius	

Those who voted in the negative were:

Anderson, G.	Jaros	Lasley	Orenstein	Simoneau
Battaglia	Jefferson	Lieder	Otis	Skoglund
Bauerly	Jennings	Long	Pappas	Solberg
Beard	Jensen	McEachern	Pelowski	Sparby
Begich	Johnson, A.	McLaughlin	Peterson	Steenasma
Bertram	Johnson, R.	Minne	Quinn	Trimble
Brown	Kahn	Munger	Reding	Tunheim
Carlson, L.	Kalis	Murphy	Rest	Vanasek
Carruthers	Kelly	Nelson, C.	Rice	Vellenga
Clark	Kelso	Nelson, D.	Riveness	Voss
Cooper	Kinkel	Nelson, K.	Rodosovich	Wagenius
Dauner	Kludt	Neuenschwander	Rukavina	Welle
DeBlick	Knuth	O'Connor	Sarna	Wenzel
Dorn	Kostohryz	Ogren	Scheid	Winter
Greenfield	Krueger	Olson, E.	Schoenfeld	Spk. Norton
Jacobs	Larsen	Olson, K.	Segal	

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

Thiede moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 34, line 35, after "creation" delete "and" and insert a comma

Page 34, line 36, after "implementation" delete "of programs relating to rural development." and insert "and revision of tax, labor relations, insurance, and environmental regulatory programs and policies affecting the rural job market."

A roll call was requested and properly seconded.

The question was taken on the Thiede amendment and the roll was called. There were 47 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Knickerbocker	Poppenhagen	Swenson
Bennett	Frerichs	Marsh	Quist	Thiede
Bishop	Gruenes	McDonald	Richter	Tjornhom
Blatz	Gutknecht	McKasy	Rose	Tompkins
Boo	Hartle	McPherson	Schafer	Uphus
Burger	Haukoos	Miller	Schreiber	Valento
Carlson, D.	Heap	Morrison	Seaberg	Waltman
Clausnitzer	Himle	Omann	Shaver	
Dempsey	Hugoson	Onnen	Stanius	
Dorn	Johnson, V.	Ozment	Sviggum	

Those who voted in the negative were:

Anderson, G.	Jefferson	Long	Osthoff	Simoneau
Battaglia	Jensen	McEachern	Otis	Skoglund
Bauerly	Johnson, A.	McLaughlin	Pappas	Solberg
Beard	Johnson, R.	Milbert	Pelowski	Sparby
Begich	Kahn	Minne	Peterson	Steensma
Bertram	Kalis	Munger	Quinn	Trimble
Brown	Kelly	Murphy	Reding	Tunheim
Carlson, L.	Kelso	Nelson, C.	Rest	Vanasek
Carruthers	Kinkel	Nelson, D.	Rice	Vellenga
Clark	Kludt	Nelson, K.	Riveness	Voss
Cooper	Knuth	Neuenschwander	Rodosovich	Wagenius
Dauner	Kostohryz	O'Connor	Rukavina	Welle
DeBlick	Krueger	Ogren	Sarna	Wenzel
Greenfield	Larsen	Olson, E.	Scheid	Wynia
Jacobs	Lasley	Olson, K.	Schoenfeld	Spk. Norton
Jaros	Lieder	Orenstein	Segal	

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

Rose moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 19, line 34, after "designed to" insert "encourage utilization of locally produced raw materials or to"

Page 20, line 1, after "priority must be given" insert "on the basis of economic benefit to farms and businesses located in the community where the project is to be located or"

The motion prevailed and the amendment was adopted.

Thiede moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 14, line 35, after "directors" insert ", seven of whom shall initially be"

Page 14, line 36, delete "The governor shall make the initial appointments."

Page 15, line 3, after "members." insert "Appointments made by the governor shall include persons with extensive experience in:

(1) administration of a corporate foundation or other philanthropic fund;

(2) administration of public or private trusts;

(3) venture capital management;

(4) corporate management; and

(5) administration of pure or applied research projects.

The remaining four members shall be current members of the legislature. The speaker of the house of representatives and the senate majority leader shall each appoint one majority and minority member of their respective legislative bodies to sit on the board."

A roll call was requested and properly seconded.

The question was taken on the Thiede amendment and the roll was called. There were 47 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Marsh	Quist	Sviggum
Bennett	Gruenes	McDonald	Redalen	Swenson
Bishop	Hartle	McKasy	Richter	Thiede
Blatz	Haukoos	McPherson	Rose	Tjornhom
Boo	Heap	Miller	Schafer	Uphus
Burger	Himle	Morrison	Scheid	Valento
Carlson, D.	Hugoson	Omann	Schreiber	Waltman
Clausnitzer	Johnson, V.	Onnen	Seaberg	
Dempsey	Knickerbocker	Osthoff	Shaver	
Forsythe	Knuth	Poppenhagen	Stanius	

Those who voted in the negative were:

Anderson, G.	Dauner	Jensen	Krueger	Murphy
Battaglia	DeBlicke	Johnson, A.	Larsen	Nelson, C.
Bauerly	Dille	Johnson, R.	Lasley	Nelson, D.
Beard	Dorn	Kahn	Lieder	Nelson, K.
Begich	Greenfield	Kalis	Long	Neuenschwander
Bertram	Gutknecht	Kelly	McEachern	O'Connor
Brown	Jacobs	Kelso	McLaughlin	Ogren
Carlson, L.	Jaros	Kinkel	Milbert	Olson, E.
Carruthers	Jefferson	Kludt	Minne	Olson, K.
Cooper	Jennings	Kostohryz	Munger	Orenstein

Otis	Reding	Schoenfeld	Trimble	Wenzel
Ozment	Rest	Segal	Tunheim	Winter
Pappas	Rice	Simoneau	Vanasek	Wynia
Pelowski	Riveness	Skoglund	Vellenga	Spk. Norton
Peterson	Rodosovich	Solberg	Voss	
Price	Rukavina	Sparby	Wagenius	
Quinn	Sarna	Steensma	Welle	

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

Speaker pro tempore Long called Simoneau to the Chair.

Carlson, D., and Anderson, R., were excused while in conference.

Swiggum moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 16, line 3, delete everything after "471.705"

Page 16, line 4, delete everything before the period

A roll call was requested and properly seconded.

The question was taken on the Swiggum amendment and the roll was called. There were 53 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gruenes	McDonald	Quist	Swenson
Bennett	Gutknecht	McKasy	Redalen	Thiede
Bishop	Hartle	McPherson	Richter	Tjornhom
Blatz	Haukoos	Milbert	Rose	Tompkins
Boo	Heap	Miller	Schafer	Uphus
Burger	Himle	Morrison	Scheid	Valento
Clausnitzer	Hugoson	Omann	Schreiber	Wagenius
Dauner	Johnson, A.	Onnen	Seaberg	Waltman
Dempsey	Johnson, V.	Osthoff	Shaver	Winter
Forsythe	Knickerbocker	Ozment	Stanisus	
Frerichs	Marsh	Poppenhagen	Swiggum	

Those who voted in the negative were:

Anderson, G.	Jacobs	Kostohryz	Nelson, K.	Rice
Battaglia	Jaros	Krueger	Neuenschwander	Rodosovich
Bauerly	Jefferson	Larsen	O'Connor	Rukavina
Beard	Jennings	Lasley	Ogren	Sarna
Begich	Jensen	Lieder	Olson, E.	Schoenfeld
Bertram	Johnson, R.	Long	Olson, K.	Segal
Brown	Kahn	McEachern	Orenstein	Simoneau
Carlson, L.	Kalis	McLaughlin	Otis	Skoglund
Carruthers	Kelly	Minne	Pappas	Solberg
Cooper	Kelso	Munger	Pelowski	Sparby
DeBlicek	Kinkel	Murphy	Peterson	Steensma
Dorn	Kludt	Nelson, C.	Quinn	Trimble
Greenfield	Knuth	Nelson, D.	Reding	Tunheim

Vanasek  
Vellenga

Voss  
Welle

Wenzel  
Wynia

Spk. Norton

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

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

Rodosovich was excused between the hours of 7:45 p.m. and 8:20 p.m.

Waltman, McDonald and McPherson moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 11, lines 6 to 12, reinstate the stricken language

Page 11, line 13, after "may" reinstate the stricken language

Page 11, lines 19 to 22, reinstate the stricken language

A roll call was requested and properly seconded.

The question was taken on the Waltman et al amendment and the roll was called. There were 48 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	Marsh	Ozment	Svigum
Bishop	Gutknecht	McDonald	Poppenhagen	Swenson
Blatz	Hartle	McKasy	Quist	Thiede
Boo	Haukoos	McPherson	Redalen	Tjornhom
Burger	Heap	Miller	Richter	Tompkins
Carlson, D.	Himle	Minne	Rose	Uphus
Clausnitzer	Hugoson	Morrison	Schafer	Valento
Dempsey	Johnson, V.	Nelson, C.	Schreiber	Waltman
Forsythe	Kelso	Omann	Shaver	
Frerichs	Knickerbocker	Onnen	Stanius	

Those who voted in the negative were:

Anderson, G.	Jefferson	Long	Pelowski	Sparby
Battaglia	Jennings	McEachern	Peterson	Steensma
Bauerly	Jensen	McLaughlin	Price	Trimble
Beard	Johnson, A.	Milbert	Quinn	Tunheim
Begich	Johnson, R.	Munger	Reding	Vanasek
Bertram	Kahn	Murphy	Rest	Vellenga
Brown	Kalis	Nelson, K.	Rice	Voss
Carlson, L.	Kelly	Neuenschwander	Riveness	Wagenius
Carruthers	Kinkel	O'Connor	Rukavina	Wenzel
Clark	Kludt	Ogren	Sarna	Winter
Cooper	Knuth	Olson, E.	Scheid	Wynia
Dauner	Kostohryz	Olson, K.	Schoenfeld	Spk. Norton
DeBlicke	Krueger	Orenstein	Segal	
Dorn	Larsen	Osthoff	Simoneau	
Greenfield	Lasley	Otis	Skoglund	
Jacobs	Lieder	Pappas	Solberg	

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

Valento moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 27, line 33, delete "audit" and insert "do a financial and compliance audit of"

The motion prevailed and the amendment was adopted.

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

Himle moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 30, line 19, delete "\$3,500,000" and insert "\$6,500,000"

Page 46, line 8, to page 63, line 26, delete article 6

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Himle amendment and the roll was called. There were 45 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Frerichs	Knickerbocker	Poppenhagen	Stanius
Bishop	Gruenes	Marsh	Quist	Sviggum
Blatz	Gutknecht	McEachern	Redalen	Swenson
Boo	Hartle	McPherson	Richter	Thiede
Burger	Haukoos	Miller	Rose	Tjornhom
Carlson, D.	Heap	Morrison	Schafer	Uphus
Dempsey	Himle	Omann	Schreiber	Valento
Dille	Hugoson	Onnen	Shaver	Waltman
Forsythe	Johnson, V.	Ozment	Sparby	Wenzel

Those who voted in the negative were:

Anderson, G.	DeBlick	Kinkel	Munger	Otis
Battaglia	Greenfield	Kludt	Murphy	Pelowski
Bauerly	Jacobs	Knuth	Nelson, C.	Peterson
Beard	Jaros	Kostohryz	Nelson, D.	Price
Begich	Jefferson	Krueger	Nelson, K.	Quinn
Bertram	Jensen	Larsen	Neuenschwander	Reding
Brown	Johnson, A.	Lasley	O'Connor	Rest
Carlson, L.	Johnson, R.	Lieder	Ogren	Rice
Carruthers	Kahn	Long	Olson, E.	Riveness
Clark	Kalis	McLaughlin	Olson, K.	Rukavina
Cooper	Kelly	Milbert	Orenstein	Sarna
Dauner	Kelso	Minne	Osthoff	Scheid

Schoenfeld  
Segal  
Simoneau  
Skoglund

Solberg  
Steensma  
Trimble  
Tunheim

Vanasek  
Vellenga  
Voss  
Wagenius

Welle  
Winter  
Wynia  
Spk. Norton

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

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

Tjornhom moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 56, line 5, delete "or 3"

Page 56, delete lines 25 to 31

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

Kelly, Kludt and Nelson, D., moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:

Page 30, after line 33, insert:

"Sec. 34. [SUNSET AND REPLACEMENT.]

Subdivision 1. [REPLACEMENT.] Section 15, subdivision 7, is repealed and replaced with the language in subdivision 2 effective June 1, 1988.

Subd. 2. [MEETINGS AND ACTIONS OF THE BOARD.] The corporation board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Meetings of the corporation board, institute boards, the governor's council on rural development, the greater Minnesota finance authority, and the research advisory board are subject to the provisions in section 471.705.

Subd. 3. [SUNSET.] Section 15, subdivision 8, is repealed effective June 1, 1988."

Page 30, line 34, delete "34" and insert "35"

The motion prevailed and the amendment was adopted.

Sviggum moved to amend S. F. No. 1, the unofficial engrossment, as amended, as follows:



Page 16, delete lines 16 to 21 and renumber the subsequent clause

The motion prevailed and the amendment was adopted.

S. F. No. 1, A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing duties for the community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the Minnesota public finance authority; changing the membership of the Minnesota job skills partnership board; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; providing a program for revitalization of the cities of St. Paul and Minneapolis; creating a program for funding economic development projects in the taconite tax relief area; permitting investment of earnings of the northeast Minnesota economic protection trust in venture capital enterprises; appropriating money; amending Minnesota Statutes 1986, sections 15.039, by adding a subdivision; 16A.80, subdivision 2a; 41A.01; 41A.02, subdivisions 3, 4, 6, 11, and by adding subdivisions; 41A.05, subdivisions 1 and 2; 41A.08; 116.16, subdivisions 2, 4, 5, 9, and by adding subdivisions; 116.18, subdivisions 2a and 3a; 116J.36, subdivisions 2, 3b, 3c, 8, 8a; and 11; 116J.37, subdivision 1, and by adding a subdivision; 116J.955, subdivisions 1 and 2; 116L.03, subdivision 2; 281.17; 298.292; 298.296, subdivision 2; 462.384, subdivision 7; 462.385, subdivisions 1 and 3; 462.386, subdivision 1; 462.387, subdivisions 1, 3 and 4; 462.39, subdivisions 2 and 3; 462.391, subdivisions 2, 3 and 4; 462.395; 462.396, subdivision 1; 462.398; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 41A; 93; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 116.167; 116J.951; 116J.961; 116J.965; 116M.01; 116M.02; 116M.03; 116M.04; 116M.05; 116M.06; 116M.07; 116M.08; 116M.09; 116M.10; 116M.11; 116M.12; 116M.13; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; 472.13, subdivisions 2, 3, and 4; and Laws 1969, chapters 833 and 984.

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 93 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Krueger	Orenstein	Skoglund
Anderson, R.	Gruenes	Larsen	Otis	Solberg
Battaglia	Hartle	Lasley	Ozment	Sparby
Bauerly	Hugoson	Long	Pappas	Steensma
Beard	Jacobs	McEachern	Pelowski	Swiggum
Begich	Jaros	McLaughlin	Peterson	Trimble
Bertram	Jefferson	Milbert	Price	Tunheim
Boo	Jennings	Minne	Quinn	Uphus
Brown	Jensen	Munger	Redalen	Vanasek
Carlson, D.	Johnson, A.	Murphy	Reding	Vellenga
Carlson, L.	Johnson, R.	Nelson, C.	Rest	Voss
Carruthers	Johnson, V.	Nelson, D.	Rice	Wagenius
Clark	Kahn	Nelson, K.	Riveness	Waltman
Cooper	Kalis	Neuenschwander	Rodosovich	Welle
Dauner	Kelly	O'Connor	Rukavina	Wenzel
DeBlicck	Kinkel	Ogren	Sarna	Winter
Dempsey	Kludt	Olson, E.	Schoenfeld	Spk. Norton
Dille	Knuth	Olson, K.	Segal	
Dorn	Kostohryz	Omann	Simoneau	

Those who voted in the negative were:

Bennett	Haukoos	McKasy	Richter	Thiede
Bishop	Heap	McPherson	Schafer	Tjornhom
Blatz	Himle	Miller	Scheid	Tompkins
Burger	Kelso	Onnen	Schreiber	Valento
Forsythe	Knickerbocker	Osthoff	Shaver	Wynia
Frerichs	Marsh	Poppenhagen	Stanius	
Gutknecht	McDonald	Quist	Swenson	

The bill was passed, as amended, and its title agreed to.

#### MOTION FOR RECONSIDERATION

Anderson, G., moved that the vote whereby H. F. No. 606, as amended, was re-referred to the Committee on Ways and Means earlier today be now reconsidered. The motion prevailed.

H. F. No. 606, as amended, was reported to the House.

Anderson, G., moved that H. F. No. 606, as amended, be continued on Special Orders for one day. The motion prevailed.

The Speaker resumed the Chair.

#### MOTION FOR RECONSIDERATION

Larsen moved that the vote whereby S. F. No. 121, as amended, was not passed on Friday, May 8, 1987, be now reconsidered. The motion prevailed.

S. F. No. 121 was reported to the House.

Vellenga moved to lay S. F. No. 121, as amended, on the table. The motion prevailed and S. F. No. 121, as amended, was laid on the table.

#### MOTION FOR RECONSIDERATION

Shaver moved that the vote whereby H. F. No. 1496, as amended, was not passed on Friday, May 8, 1987, be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Shaver motion and the roll was called. There were 80 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Battaglia	Forsythe	Kinkel	O'Connor	Schreiber
Beard	Greenfield	Kludt	Ogren	Segal
Begich	Gutknecht	Knickerbocker	Onnen	Shaver
Bennett	Haukoos	Knuth	Orenstein	Simoneau
Bertram	Heap	Larsen	Otis	Skoglund
Blatz	Himle	Lasley	Pappas	Stanisus
Boo	Jacobs	Long	Pelowski	Steensma
Burger	Jaros	McEachern	Price	Swenson
Carlson, L.	Jefferson	McKasy	Quinn	Trimble
Clark	Jennings	McLaughlin	Rest	Valento
Cooper	Jensen	Milbert	Rice	Vanasek
Dauner	Johnson, A.	Minne	Riveness	Vellenga
DeBlieck	Johnson, R.	Munger	Rodosovich	Voss
Dempsey	Kahn	Murphy	Rukavina	Wagenius
Dille	Kelly	Nelson, C.	Sarna	Wynia
Dorn	Kelso	Neuenschwander	Scheid	Spk. Norton

Those who voted in the negative were:

Bauerly	Kostohryz	Omann	Schafer	Tunheim
Bishop	Krueger	Osthoff	Schoenfeld	Uphus
Brown	Marsh	Peterson	Solberg	Waltman
Frerichs	McDonald	Poppenhagen	Sparby	Welle
Gruenes	McPherson	Quist	Sviggum	Wenzel
Hugoson	Miller	Reding	Thiede	Winter
Johnson, V.	Olson, E.	Richter	Tjornhom	

The motion prevailed.

H. F. No. 1496 was reported to the House.

Clark moved that H. F. No. 1496, as amended, be returned to General Orders. The motion prevailed.

There being no objection, the order of business reverted to Reports of Standing Committees.

**REPORTS OF STANDING COMMITTEES**

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 239, A bill for an act relating to elections; providing for school district elections to be conducted according to Minnesota election law; amending Minnesota Statutes 1986, sections 6.54; 122.22, subdivisions 2 and 4; 122.23, subdivisions 2, 9, and 10; 122.25, subdivision 1; 123.11, subdivision 7; 123.33, subdivision 4; 123.351, subdivision 1; 123.51; 127.09; 127.11; 200.01; 200.015; 200.02, by adding a subdivision; 201.016, subdivision 2; 201.018, subdivision 2; 201.061, subdivisions 3 and 6; 201.071, subdivisions 1, 3, 5, 6, and by adding a subdivision; 201.221, subdivisions 3 and 4; 201.27, subdivision 2; 203B.01, subdivision 2; 203B.04, subdivisions 1 and 2; 203B.05, subdivisions 1 and 2; 203B.06, subdivision 2; 203B.08, subdivision 4; 203B.10; 203B.11, subdivision 1; 203B.12, subdivision 6; 203B.13; 203B.15; 203B.19; 203B.23; 204B.02; 204B.09, subdivision 2; 204B.16, subdivision 1; 204B.18, subdivision 2; 204B.19, subdivision 1; 204B.21, subdivision 2; 204B.25, subdivision 1; 204B.29; 204B.31; 204B.32; 204B.34, by adding a subdivision; 204B.35, subdivision 1; 204C.02; 204C.06, subdivision 2; 204C.07, subdivision 3; 204C.08, subdivision 4; 204C.10, subdivision 2; 204C.19, subdivision 2; 204C.20, subdivision 4; 204C.24, subdivision 2; 204C.25; 204C.26, subdivisions 2 and 3; 204C.27; 204C.28, subdivision 2, and by adding a subdivision; 204C.29, subdivision 1; 204C.36; 206.56, by adding a subdivision; 206.58, subdivision 2; 209.02; 209.021, subdivision 3; 210A.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 206; proposing coding for new law as Minnesota Statutes, chapter 205A; repealing Minnesota Statutes 1986, sections 123.015; 123.32; and 201.095.

Reported the same back with the following amendments:

Page 49, after line 1, insert:

“Sec. 14. [APPROPRIATION.]

\$20,000 the first year and \$20,000 the second year is appropriated to the secretary of state from the special revenue fund to carry out the purposes of this act.”

Renumber the sections in sequence

Correct internal references

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.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 413, A bill for an act relating to public safety; increasing taxable gross weight of vehicles at which proof of payment of use tax is required; providing for permits for new vehicles used in events for promotion purposes; changing trip permit conditions; increasing fine for unlawful use of registration plates or certificates; allowing police to give age of parties in traffic accident to media; providing for service of notice of driver's license revocation by court; providing for chemical tests to determine presence of alcohol or controlled substance; prescribing contents of petition for judicial review of driver's license revocation; subjecting alcohol problem assessment rules to administrative procedure act; prescribing actions by drivers on one-way road when emergency vehicle approaching; requiring school buses on one-way, separated roads with shoulders to load and unload without flashing lights; allowing peace officers to weigh pickup towing trailer or semitrailer; providing for \$10 fee for class A classified provisional driver's license; allowing inspection of school buses for approved wheelchair devices; amending Minnesota Statutes 1986, sections 168.013, subdivision 20; 168.187, subdivision 17; 168.36, subdivision 2; 169.09, subdivision 13; 169.121, subdivision 7; 169.123, subdivision 5c; 169.124, subdivision 2; 169.20, subdivision 5; 169.44, subdivision 2; 169.85; 171.06, subdivision 2; and 299A.11; proposing coding for new law in Minnesota Statutes, chapter 168.

Reported the same back with the following amendments:

Page 3, line 4, strike everything after "misdemeanor"

Page 3, lines 5 and 6, strike the old language and delete the new language

Page 3, line 7, strike everything before the period

Page 9, after line 15, insert:

"Sec. 11. Minnesota Statutes 1986, section 169.57, is amended by adding a subdivision to read:

Subd. 4. [SINGLE STOP LAMPS.] On a vehicle which is required by federal motor vehicle safety standards to be equipped with a single center high-mounted stop lamp, and a vehicle equipped with a similar stop lamp, no person may alter the stop lamp by adding or installing an overlay, replacement lens, or other device which in any

way alters or obscures any portion of the lamp or affects the intensity of the light emitted."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 19, after the semicolon insert "prohibiting alteration of certain stop lamps;"

Page 1, line 27, after the first semicolon insert "169.57, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 705, A bill for an act relating to traffic regulations; requiring certain persons convicted of DWI or a DWI-related offense and certain juveniles adjudicated for a DWI offense to undergo chemical use assessment; imposing a penalty assessment on persons convicted of DWI or a DWI-related offense, and juveniles adjudicated for a DWI offense for the purpose of financing these chemical use assessments; appropriating money; amending Minnesota Statutes 1986, sections 169.121, by adding a subdivision; 169.124; 169.125; 169.126; and 260.193, subdivision 8.

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 887, A bill for an act relating to environment; creating the clean water partnership program for the control of nonpoint source water pollution and providing for administration by the pollution control agency; requiring a state water quality assessment; authorizing technical and financial assistance to local govern-

ments; authorizing rulemaking; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115.

Reported the same back with the following amendments:

Page 7, after line 20, insert:

“Sec. 12. [INTEGRATION OF DATA.]

The data collected for the activities of the clean water partnership program that have common value for natural resource planning must be provided and integrated into the Minnesota land management information system's geographic and summary data bases according to published data compatibility guidelines. Costs associated with this data delivery must be borne by this activity.”

Page 8, line 9, after “APPROPRIATION” insert “AND COMPLEMENT”

Page 8, delete lines 10 to 12, and insert:

“Subdivision 1. The following amounts are appropriated from the water pollution control fund to the pollution control agency:

	<u>1988</u>	<u>1989</u>
<u>(a) For administration and contractual services</u>	<u>\$299,500</u>	<u>\$348,000</u>

(b) \$1,352,500 for grants to local units of government under section 5. This amount is available until expended.

Subd. 2. The complement of the pollution control agency is increased by four positions.”

Renumber sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 1505, A bill for an act relating to state government; creating an international music and communications arts center task force; appropriating money.

Reported the same back with the following amendments:

Page 1, line 24, delete everything after the period

Page 1, delete line 25

Page 2, delete line 1

Page 3, delete section 2

Page 3, line 8, delete "3" and insert "2"

Amend the title as follows:

Page 1, line 4, delete "; appropriating money"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 167, A bill for an act relating to the Minnesota zoological garden; increasing the size of the zoological board; permitting the board to appoint new members to the board; exempting members of the board from filing statements of economic interest; amending Minnesota Statutes 1986, section 85A.01, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1986, section 85A.001, is amended to read:

85A.001 [PURPOSE.]

It is the intent of the legislature to foster a partnership between the private sector and the state for the purpose of operating a zoological garden. The legislature seeks to enable the Minnesota zoological garden to operate independently, efficiently, and economically and to be active in soliciting nonstate contributions. The legislature seeks to have the food and beverage facilities at the zoological garden operated in a manner designed to respond to the food and beverage service demands of visitors while maximizing the economic benefits accruing to the zoological garden from the operation of food and beverage facilities."

Page 2, line 2, delete the new language

Page 2, delete lines 3 and 4



Page 2, line 5, delete "and increasing public transportation to the zoo."

Page 2, after line 13, insert:

"Sec. 3. Minnesota Statutes 1986, section 85A.01, is amended by adding a subdivision to read:

Subd. 1b. The board shall design and maintain a schedule of admission fees that will encourage maximum year-round visitor attendance. The board shall, if practical, maintain facilities at the zoological garden to accommodate overnight groups of visitors from the nonmetropolitan area."

Page 2, line 23, delete "on" and insert "as"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 239, 413, 705, 887 and 1505 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. No. 167 was read for the second time.

## GENERAL ORDERS

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

**MOTIONS AND RESOLUTIONS**

Vanasek, Schreiber and Rodosovich introduced:

House Resolution No. 45, A House resolution recognizing the participants in the 1987 High School Page Program.

The resolution was referred to the Committee on Rules and Legislative Administration.

**ADJOURNMENT**

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Wednesday, May 13, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Wednesday, May 13, 1987.

**EDWARD A. BURDICK, Chief Clerk, House of Representatives**



## STATE OF MINNESOTA

## SEVENTY-FIFTH SESSION—1987

## FIFTY-FIRST DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 13, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Ronald A. Smith, Open Door Baptist Church, St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Gruenes	Lieder	Otis	Skoglund
Anderson, R.	Gutknecht	Long	Ozment	Solberg
Battaglia	Hartle	Marsh	Pappas	Sparby
Bauerly	Haukoos	McDonald	Pauly	Stanius
Beard	Heap	McEachern	Pelowski	Steensma
Begich	Himle	McKasy	Peterson	Sviggum
Bennett	Hugoson	McLaughlin	Poppenhagen	Swenson
Bertram	Jacobs	McPherson	Price	Thiede
Bishop	Jaros	Milbert	Quinn	Tjornhom
Blatz	Jefferson	Miller	Quist	Tompkins
Boo	Jennings	Minne	Redalen	Trimble
Brown	Jensen	Morrison	Reding	Tunheim
Burger	Johnson, A.	Munger	Rest	Uphus
Carlson, D.	Johnson, R.	Murphy	Rice	Valento
Carlson, L.	Johnson, V.	Nelson, C.	Richter	Vanasek
Carruthers	Kahn	Nelson, D.	Riveness	Vellenga
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Voss
Cooper	Kelly	Neuenschwander	Rose	Wagenius
Dauner	Kelso	O'Connor	Rukavina	Waltman
DeBlick	Kinkel	Ogren	Sarna	Welle
Dempsey	Kludt	Olsen, S.	Schafer	Wenzel
Dille	Knickerbocker	Olson, E.	Scheid	Winter
Dorn	Knuth	Olson, K.	Schoenfeld	Wynia
Forsythe	Kostohryz	Omann	Schreiber	Spk. Norton
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Larsen	Orenstein	Segal	
Greenfield	Lasley	Osthoff	Simoneau	

A. quorum was present.

Clark was excused until 11:40 a.m. Shaver was excused until 3:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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.

Anderson, R., was excused while in conference.

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 829, 899, 298, 302, 485, 1326, 438, 290, 606, 705, 239, 413, 887, 1496 and 1505 and S. F. Nos. 852, 361, 1018, 1335, 604, 121 and 167 have been placed in the members' files.

S. F. No. 1335 and H. F. No. 1452, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Johnson, A., moved that the rules be so far suspended that S. F. No. 1335 be substituted for H. F. No. 1452 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1018 and H. F. No. 1070, 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. 1018 be substituted for H. F. No. 1070 and that the House File be indefinitely postponed. The motion prevailed.

#### REPORTS OF STANDING COMMITTEES

Anderson, G., from the Committee on Appropriations to which was referred:

S. F. No. 63, A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 168.011, is amended by adding a subdivision to read:

Subd. 35. [LIMOUSINE.] "Limousine" means a passenger automobile for hire, other than a taxicab or a van, that is regularly engaged in the business of transporting persons and that has a rear seating capacity of not more than nine passengers.

Sec. 2. Minnesota Statutes 1986, section 168.12, subdivision 1, is amended to read:

Subdivision 1. [NUMBER PLATES; VISIBILITY, PERIODS OF ISSUANCE.] The registrar, upon the approval and payment, shall issue to the applicant the number plates required by law, bearing the state name and the number assigned. The number assigned may be a combination of a letter or sign with figures. The color of the plates and the color of the abbreviation of the state name and the number assigned shall be in marked contrast. The plates shall be lettered, spaced, or distinguished to suitably indicate the registration of the vehicle according to the rules of the registrar, and when a vehicle is registered on the basis of total gross weight, the plates issued shall clearly indicate by letters or other suitable insignia the maximum gross weight for which the tax has been paid. These number plates shall be so treated as to be at least 100 times brighter than the conventional painted number plates. When properly mounted on an unlighted vehicle, these number plates, when viewed from a vehicle equipped with standard headlights, shall be visible for a distance of not less than 1,500 feet and readable for a distance of not less than 110 feet. The registrar shall issue these number plates for the following periods:

(1) Number plates issued pursuant to sections 168.27, subdivisions 16 and 17, and 168.053 shall be for a one-year period;

(2) New number plates issued pursuant to section 168.012, subdivision 1, shall be issued to a vehicle for as long as it is owned by the exempt agency and shall not be transferable from one vehicle to another but may be transferred with the vehicle from one tax exempt agency to another;

(3) Plates issued for passenger automobiles as defined in section 168.011, subdivision 7, ~~motorcycles, motorized bicycles, and motor scooters~~ shall be issued for a six-year period starting not later than October 1986, or until the next general reissuance of plates every six years thereafter, whichever is less; and All plates issued under this paragraph must be replaced if they are six years old or older at the time of annual registration or will become so during the registration period.

(4) Plates for any vehicle not specified in clauses paragraphs (1), (2) and (3), except for trailers as hereafter provided, shall be issued

for the life of the vehicle. Beginning with number plates issued for the year 1981, plates issued for trailers with a total gross weight of 3,000 pounds or less shall be issued for the life of the trailer and shall be not more than seven inches in length and four inches in width.

In a year in which plates are not issued, the registrar shall issue for each registration a tab or sticker to designate the year of registration. This tab or sticker shall show the calendar year or years for which issued, and is valid only for that period. The number plates, number tabs, or stickers issued for a motor vehicle may not be transferred to another motor vehicle during the period for which it is issued.

Notwithstanding any other provision of this subdivision, number plates issued to a vehicle which is used for behind-the-wheel instruction in a driver education course in a public school may be transferred to another vehicle used for the same purpose without payment of any additional fee. The registrar shall be notified of each transfer of number plates under this paragraph, and may prescribe a form for notification.

Sec. 3. Minnesota Statutes 1986, section 168.12, subdivision 2a, is amended to read:

Subd. 2a. [PERSONALIZED LICENSE PLATES.] Personalized license plates must be issued to an applicant for registration of a passenger automobile, van, or pickup truck, motorcycle, or self-propelled recreational vehicle, upon compliance with the laws of this state relating to registration of the vehicle and upon payment of a one-time fee of \$100 in addition to the registration tax required by law for the vehicle. The commissioner shall designate a replacement fee for personalized license plates that is calculated to cover the cost of replacement. This fee is required whenever the personalized license plates are required to be replaced by law. In lieu of the numbers assigned as provided in subdivision 1, personalized license plates must have imprinted on them a series of not more than ~~six~~ seven numbers and letters in any combination. When an applicant has once obtained personalized plates, the applicant shall have a prior claim for similar personalized plates in the next succeeding year that plates are issued if application is made for them at least 30 days before the first date that registration can be renewed. The commissioner of public safety shall adopt rules in the manner provided by chapter 14, regulating the issuance and transfer of personalized license plates. No words or combination of letters placed on personalized license plates may be used for commercial advertising, be of an obscene, indecent, or immoral nature, or be of a nature that would offend public morals or decency. The call signals or letters of a radio or television station are not commercial advertising for the purposes of this subdivision.

Notwithstanding the provisions of subdivision 1, personalized license plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by the applicant, upon the payment of a fee of \$5, which must be paid into the state treasury and credited to the highway user tax distribution fund. The registrar may by rule provide a form for notification.

Notwithstanding any law to the contrary, if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive duplicate license plates bearing the same combination of letters and numbers as the former personalized plates upon the payment of a \$5 fee.

The fee prescribed for personalized license plates must be paid only in those years in which the number plate itself is issued, and must not be payable in a year in which a year plate, tab, or sticker is issued in lieu of a number plate.

Fees from the sale of permanent and duplicate personalized license plates must be paid into the state treasury and credited to the highway user tax distribution fund.

Sec. 4. Minnesota Statutes 1986, section 168.12, is amended by adding a subdivision to read:

Subd. 2d. [VIETNAM ERA VETERANS; SPECIAL LICENSE PLATE.] The registrar shall issue special license plates to an applicant who served in the active military service in a branch of the armed forces of the United States after July 1, 1961, and before July 1, 1978, was discharged under honorable conditions and is an owner or joint owner of a passenger automobile, station wagon, or van or pickup truck included within the definition of a passenger automobile upon payment of a fee of \$10, payment of the registration tax required by law, and compliance with other laws relating to registration and licensing of motor vehicles and drivers.

The veteran shall have a certified copy of the veteran's discharge papers, indicating character of discharge, at the time of application.

The commissioner of veterans affairs shall design the special plates subject to the approval of the registrar. An applicant must not be issued more than two sets of plates for vehicles owned or jointly owned by the applicant. The commissioner of veterans affairs shall estimate the number of special plates that will be required and submit the estimate to the registrar. Upon payment of a fee of \$5, plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by the person to whom the plates were issued. Fees collected under this subdivision must be paid into the state treasury and credited to the highway user tax distribution fund.



The registrar may adopt rules under the administrative procedure act to govern the issuance and use of the special plates authorized by this subdivision.

Sec. 5. Minnesota Statutes 1986, section 168.12, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL FEE.] In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety may impose a fee of \$2 for a license plate for a motorcycle, motorized bicycle, or motorized sidecar, and ~~\$3~~ \$2 for license plates, other than license plates issued pursuant to section 168.27, subdivisions 16 and 17, for passenger automobiles; ~~provided that no fee is required for plates issued within one calendar year before a general reissuance of plates under subdivision 4.~~ Graphic design license plates shall only be issued for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.

Sec. 6. [168.123] [SPECIAL LICENSE PLATES FOR PEARL HARBOR SURVIVORS.]

Subdivision 1. [ISSUANCE AND DESIGN.] The registrar shall issue special license plates bearing the inscription "PEARL HARBOR SURVIVOR" to an applicant who was a member of the United States Armed Forces stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, and who complies with the laws of this state relating to the registration and licensing of motor vehicles and drivers. Application for these plates may be made only at the time of renewal or first application for registration. The registrar shall determine the design and size of these plates.

Subd. 2. [FEES; TRANSFER.] The fee for one set of two plates is \$10, in addition to the registration tax required by law for the motor vehicle. This additional fee is payable only when the plates are issued and is not payable in a year in which tabs or stickers are issued instead of number plates.

Notwithstanding section 168.12, subdivision 1, these plates may be transferred to another motor vehicle owned or jointly owned by the Pearl Harbor survivor on payment of a fee of \$5.

Fees paid under this subdivision must be paid into the state treasury and credited to the highway user tax distribution fund.

Subd. 3. [USE.] The registrar may issue special license plates under this section only for use on a motor vehicle that is a passenger

automobile, van, station wagon, pickup truck, motorcycle, or recreational vehicle, and that is not used for commercial purposes.

Sec. 7. Minnesota Statutes 1986, section 168.125, is amended to read:

**168.125 [SPECIAL LICENSE PLATES FOR FORMER PRISONERS OF WAR.]**

Subdivision 1. **[SPECIAL PLATES; APPLICATION; FEE; TRANSFER ISSUANCE AND DESIGN.]** The registrar shall issue special license plates bearing the inscription "EX-POW" to any applicant who is both a former prisoner of war and an owner or joint owner of a motor vehicle upon the applicant's compliance with all the laws of this state relating to the registration and licensing of motor vehicles and drivers. The special license plates shall be of a design and size to be determined by the commissioner. Plates bearing the "EX-POW" inscription may be issued for only one motor vehicle per applicant.

Application for issuance of these plates shall be made at the time of renewal or first application for registration. The application shall include a certification by the commissioner of veterans affairs that the applicant was a member of the military forces of the United States who was captured, separated, and incarcerated by an enemy of the United States during a period of armed conflict.

The applicant shall pay, in addition to the registration tax required by law, a fee of \$10 for the special license plates issued under this section, in an amount calculated by the commissioner to cover the cost of the license plates. The additional fee is payable only when the plates are issued and no additional fee is payable in any year in which tabs or stickers are issued in lieu of number plates. All fees from the sale of the special license plates shall be paid into the state treasury and credited to the highway user tax distribution fund.

Notwithstanding the provisions of section 168.12, subdivision 1, the special license plates issued under this section may be transferred to another motor vehicle owned or jointly owned by the former prisoner of war upon the payment of a fee of \$5. This fee shall be paid into the state treasury and credited to the highway user tax distribution fund.

For purposes of this section, "motor vehicle" means a passenger automobile, station wagon, pickup truck, motorcycle, or recreational vehicle.

Subd. 2. **[SPECIAL PLATE PLATES; EX-POW AND HANDICAPPED INSIGNIA.]** The registrar shall issue special license plates bearing both the "EX-POW" and handicapped insignia to any

applicant who is entitled to the special license plates provided under this section and who is also entitled to special license plates for the physically handicapped under section 168.021 upon compliance with the provisions of both sections. The special license plates shall be of a design and size to be determined by the commissioner.

Subd. 3. [RULES; COMMISSIONER OF PUBLIC SAFETY.] The commissioner of public safety may promulgate by rule, in accordance with the provisions of chapter ~~15~~ 14, the procedures for issuance or transfer of the special license plates authorized under this section.

Subd. 4. [RULES; COMMISSIONER OF VETERANS AFFAIRS.] The commissioner of veterans affairs shall promulgate by rule, in accordance with the provisions of chapter 14, establish the procedure for obtaining the certification of former prisoner of war status.

Subd. 5. [SAVINGS PROVISION.] Nothing in this section shall alter the exemption for disabled war veterans provided for in section 168.031.

Sec. 8. [168.1261] [LIMOUSINE; LICENSE PLATES.]

Subdivision 1. [UNIQUE REGISTRATION CATEGORY.] A unique vehicle registration category is established for limousines as defined in section 1.

Subd. 2. [LICENSE PLATES.] The registrar shall issue limousine license plates upon the applicant's compliance with laws relating to registration and licensing of motor vehicles and drivers. The applicant must provide the registrar with proof that the passenger automobile license tax and a \$10 fee have been paid for each limousine receiving limousine license plates. The limousine license plates must be designed to specifically identify the vehicle as a limousine. Limousine license plates may not be transferred upon sale of the limousine, but may be transferred to another limousine owned by the same person upon notifying the registrar and paying a \$5 transfer fee.

Subd. 3. [INSURANCE.] The application must include a certificate of insurance verifying that a valid commercial insurance policy is in effect and giving the name of the insurance company and the number of the insurance policy. The policy must provide stated limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is granted, of not less than \$100,000 because of bodily injury to one person in any one accident and, subject to said limit for one person, of not less than \$300,000 because of injury to two or more persons in any one accident. The insurance company must notify the commissioner if the policy is canceled or if the policy no longer provides the coverage required by this subdivision.

Sec. 9. Minnesota Statutes 1986, section 169.71, subdivision 4, is amended to read:

Subd. 4. No person shall drive or operate any motor vehicle required to be registered in the state of Minnesota upon any street or highway under the following conditions:

(a) when the windshield is composed of, covered by, or treated with any material which has the effect of making the windshield more reflective or in any other way reducing light transmittance through the windshield;

(b) when any window on the vehicle is composed of, covered by, or treated with any material that has a highly reflective or mirrored appearance;

(c) when any side window or rear window is composed of or treated with any material so as to obstruct or substantially reduce the driver's clear view through the window or has a light transmittance of less than 50 percent plus or minus three percent in the visible light range or a luminous reflectance of more than 20 percent plus or minus three percent; or

(d) when any material has been applied after August 1, 1985, to any motor vehicle window without an accompanying permanent marking which indicates the percent of transmittance and the percent of reflectance afforded by the material. The marking must be in a manner so as not to obscure vision and be readable when installed on the vehicle.

This subdivision does not apply to glazing materials which:

(a) have not been modified since the original installation, nor to original replacement windows and windshields, that were originally installed or replaced in conformance with Federal Motor Vehicle Safety Standard 205;

(b) were are required to satisfy prescription needs of the driver of the vehicle and if the driver is in possession of such the prescription; or

(c) were are applied to:

(1) the rear windows of a pickup truck as defined in section 168.011, subdivision 29; or to;

(2) the rear windows or the side windows on either side behind the driver's seat of a van as defined in section 168.011, subdivision 28; or;

(3) the side and rear windows of any a vehicle used to transport human remains by a funeral establishments establishment holding a permit under the provisions of section 149.08; or

(4) the side and rear windows of a limousine as defined in section 1.

Sec. 10. [TRANSITION.]

Passenger automobile license plates issued under Minnesota Statutes, section 168.12, subdivision 1, paragraph (3), before the effective date of this section must be replaced during the sixth year after they were issued.

Sec. 11. [REPEALER.]

Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4, are repealed.

Section 4 is repealed January 1, 1990.

Sec. 12. [EFFECTIVE DATE.]

Sections 2, 3, 5, and 10 are effective the day following final enactment.

Delete the title and insert:

“A bill for an act relating to motor vehicles; providing for replacement of passenger automobile plates every six years; providing for fees for personalized license plates; providing for license plate replacement fees; authorizing special license plates for Pearl Harbor survivors and Vietnam-era veterans; providing for fees for EX-POW license plates; providing for special license plates for limousines; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision; 168.12, subdivisions 1, 2a, 5, and by adding a subdivision; 168.125; and 169.71, subdivision 4; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapter 168.”

With the recommendation that when so amended the bill pass.

The report was adopted.

**SECOND READING OF SENATE BILLS**

S. F. Nos. 1335, 1018 and 63 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Lasley, Kalis and Carlson, D., introduced:

H. F. No. 1668, A bill for an act relating to motor vehicles; increasing and allocating fees and motor vehicle excise tax for dealer plates; restricting use of dealer plates; amending Minnesota Statutes 1986, section 168.27, subdivision 16.

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

### HOUSE ADVISORIES

The following House Advisories were introduced:

Voss introduced:

H. A. No. 37, A proposal to study regulation of the mortgage lending industry.

The advisory was referred to the Committee on Financial Institutions and Insurance.

Frederick introduced:

H. A. No. 38, A proposal to study the business and consumer convenience needs in very small communities.

The advisory was referred to the Committee on Regulated Industries.

### 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. 147, A bill for an act relating to crimes; expanding the crime of witness tampering to include the act of intimidating a witness to make false statements; amending Minnesota Statutes 1986, section 609.498, subdivisions 1 and 2.

H. F. No. 151, A bill for an act relating to crime victims; permitting the crime victims reparation board to file a claim for reparations; altering the manner of determining reparations claims; requiring law enforcement agencies to aid the board; providing for the classification of various data; clarifying ambiguous language; providing penalties; amending Minnesota Statutes 1986, sections 609.101; 611A.04, by adding a subdivision; 611A.52, subdivision 8; 611A.53, subdivision 2; 611A.57; 611A.66; and 611A.74, subdivision 2; repealing Minnesota Statutes 1986, section 611A.59.

H. F. No. 350, A bill for an act relating to crime; extending the crimes of murder in the third degree and manslaughter in the first degree to deaths caused by the sale or distribution of controlled substances; making it a felony to cause great bodily harm by selling or distributing certain controlled substances; imposing penalties; amending Minnesota Statutes 1986, sections 609.195; and 609.20; proposing coding for new law in Minnesota Statutes, chapter 609.

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. 556, A bill for an act relating to human services; establishing difficulty of care payments for children in foster care; amending Minnesota Statutes 1986, section 256.82, subdivision 3, and by adding a subdivision.

H. F. No. 931, A bill for an act relating to public guardianship; modifying standards and procedures for the appointment of public guardians for mentally retarded persons; providing for powers and duties of public guardians; amending Minnesota Statutes 1986, sections 252.291, subdivision 3; 252A.01; 252A.02, subdivisions 2, 4, 6, 7, 8, 11, 12, and by adding subdivisions; 252A.03, subdivisions 2 and 3; 252A.04, subdivisions 1 and 3; 252A.05; 252A.06; 252A.07, subdivisions 1 and 3; 252A.14; 252A.16; 252A.17; 252A.19, subdivisions 1, 2, and 3, and by adding a subdivision; 252A.20, subdivision 1; 252A.21, subdivision 2; 253B.03, subdivisions 1 and 6; and 525.56, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252A; repealing Minnesota Statutes 1986, sections 252A.08; 252A.10; 252A.11; 252A.13; 252A.15; and 252A.18.

H. F. No. 1266, A bill for an act relating to Hennepin county; providing bonding authority for library construction and betterment; amending Minnesota Statutes 1986, section 383B.245.

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. 281, A bill for an act relating to elections; providing for experimental mail elections; proposing coding for new law in Minnesota Statutes, chapter 204B.

H. F. No. 334, A bill for an act relating to elections; changing registration, absentee ballot, filing, training, administrative, electronic voting, ballot preparation, canvassing, and election contest provisions; amending Minnesota Statutes 1986, sections 201.071, subdivision 4; 201.091, subdivision 4; 203B.03, subdivision 1; 203B.06, subdivision 3; 204B.11, subdivision 1; 204B.27, subdivision 1; 204B.40; 204C.24, subdivision 1; 204C.27; 204C.31, subdivision 1; 204D.04, subdivision 2; 204D.11, subdivision 6; 206.61, subdivision 5; 206.82, subdivision 2; 206.90, subdivision 3; and 209.021, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 351.

H. F. No. 354, A bill for an act relating to state government; providing for a job class entitled chiropractor in the state civil service; proposing coding for new law in Minnesota Statutes, chapter 43A.

H. F. No. 1267, A bill for an act relating to insurance; regulating investments of domestic companies; defining terms; providing additional investment authority; amending Minnesota Statutes 1986, section 60A.11, subdivisions 10 and 26.

H. F. No. 1365, A bill for an act relating to liquor; authorizing the city of Little Canada to issue two additional on-sale licenses.

H. F. No. 1475, A bill for an act relating to state government; civil service; providing opportunities for persons with disabilities; amending Minnesota Statutes 1986, section 43A.10, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 43A.

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. 561, A bill for an act relating to government data; providing for access to data by protection and advocacy systems; amending Minnesota Statutes 1986, section 13.89.

H. F. No. 642, A bill for an act relating to human services; prohibiting licensing of supportive living residences; requiring monitoring of facilities; providing for various levels of care for persons with mental illness; directing the commissioner of human services to review and alter rules relating to residential care facilities for persons with mental illness; requiring study of housing needs for persons with mental illness; prohibiting payment to newly-licensed facilities having more than four residents with mental illness; amending Minnesota Statutes 1986, sections 245.802, subdivision 1a, and by adding subdivisions; 256D.01, by adding a subdivision; and 256D.37, by adding a subdivision.

H. F. No. 872, A bill for an act relating to hazardous waste facilities; providing for financial responsibility when an owner or operator is bankrupt; proposing coding for new law in Minnesota Statutes, chapter 116.

H. F. No. 1197, A bill for an act relating to statutes; revising the text of certain laws to remove redundant and obsolete language, to simplify grammar and syntax, and to improve the style of language without causing changes in the meaning of the laws; amending Minnesota Statutes 1986, chapters 84A; 105; 112; 274; 276; 352; 352B; 365; 430; and 447.

H. F. No. 1350, A bill for an act relating to jobs and training; establishing limits for rates under the child care sliding fee program; amending Minnesota Statutes 1986, section 268.91, subdivision 8.

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. 230, A bill for an act relating to elections; authorizing combination of certain municipalities for election purposes; amending Minnesota Statutes 1986, sections 204B.14, subdivisions 2, 4, 5,

and by adding a subdivision; 204B.21, subdivision 2; and 204B.22, subdivision 1.

The Senate has appointed as such Committee:

Messrs. Stumpf, Hughes and Samuelson.

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. 1159, A bill for an act relating to retirement; public pension plan or fund assets; prohibiting certain transfers or uses of assets; proposing coding for new law in Minnesota Statutes, chapter 356.

The Senate has appointed as such Committee:

Messrs. Wegscheid; Moe, D. M., 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. 706, A bill for an act relating to juveniles; clarifying certain recent changes to the juvenile court act; clarifying the hearing and records procedures of the juvenile court; providing for the enforcement of juvenile court restitution orders; permitting administrative docketing of certain unpaid county reimbursements; clarifying certain crime victim notification and protection laws; amending Minnesota Statutes 1986, sections 260.155, subdivisions 1 and 1a; 260.156; 260.161; 260.185, by adding a subdivision; 548.091, subdivision 1; 595.02, subdivision 4; 609.115, subdivision 1; 609.3471; 611A.031; and 611A.035; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1986, sections 609.115, subdivisions 1b and 1c; and 636.08.

The Senate has appointed as such Committee:

Messrs. Cohen, Merriam and 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. 384, A bill for an act relating to crimes; providing for prosecution of certain gross misdemeanor violations; increasing the maximum fine for petty misdemeanor violations; creating a gross misdemeanor crime of damage to property; creating the crimes of check forgery and offering a forged check; increasing the maximum bail for certain misdemeanors and gross misdemeanors; prescribing penalties; amending Minnesota Statutes 1986, sections 171.07, subdivision 1a; 487.25, subdivision 10; 609.02, subdivision 4a; 609.224, subdivision 2; 609.52, subdivisions 1, 2, and 3; 609.595; 609.625; 609.821, subdivisions 1, 2, and 3; 626A.05, subdivision 2; and 629.47; proposing coding for new law in Minnesota Statutes, chapters 609 and 629.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Greenfield moved that the House concur in the Senate amendments to H. F. No. 384 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 384, A bill for an act relating to crimes; providing for prosecution of certain gross misdemeanor violations; increasing the maximum fine for petty misdemeanor violations; creating a gross misdemeanor crime of damage to property; creating the crimes of check forgery and offering a forged check; increasing the maximum bail for certain misdemeanors and gross misdemeanors; prescribing penalties; amending Minnesota Statutes 1986, sections 171.07, subdivision 1a; 487.25, subdivision 10; 609.02, subdivision 4a; 609.224, subdivision 2; 609.52; 609.595; 609.625; 609.821; 626A.05, subdivision 2; 629.34, subdivision 1; and 629.47; proposing coding for new law in Minnesota Statutes, chapters 609 and 629.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Segal
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Steensma
Bertram	Himle	McKasy	Peterson	Sviggum
Bishop	Jacobs	McLaughlin	Poppenhagen	Swenson
Blatz	Jefferson	McPherson	Price	Thiede
Boo	Jennings	Milbert	Quinn	Tjornhom
Brown	Jensen	Miller	Quist	Tompkins
Burger	Johnson, A.	Minne	Redalen	Trimble
Carlson, D.	Johnson, R.	Morrison	Reding	Tunheim
Carlson, L.	Johnson, V.	Munger	Rest	Uphus
Carruthers	Kahn	Murphy	Rice	Valento
Clausnitzer	Kalis	Nelson, C.	Richter	Vanasek
Cooper	Kelly	Nelson, D.	Rodosovich	Vellenga
Dauner	Kelso	Neuenschwander	Rose	Voss
DeBlicke	Kinkel	Ogren	Rukavina	Wagenius
Dempsey	Kludt	Olsen, S.	Sarna	Waltman
Dille	Knickerbocker	Olson, E.	Schafer	Welle
Dorn	Knuth	Olson, K.	Scheid	Wenzel
Forsythe	Kostohryz	Omman	Schoenfeld	Winter
Frederick	Krueger	Onnen	Schreiber	Wynia
Frerichs	Larsen	Orenstein	Seaberg	Spk. Norton

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. 1563, A bill for an act relating to public safety; providing that local governing body may appoint local board of appeal for order issued under the state fire code; providing for notice; providing for smoke detector maintenance; providing penalties; amending Minnesota Statutes 1986, sections 299F.011, subdivision 6, and by adding subdivisions; and 299F.362, subdivisions 5, 6, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Quinn moved that the House concur in the Senate amendments to H. F. No. 1563 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1563, A bill for an act relating to public safety; providing that local governing body may appoint local board of appeal for order issued under the state fire code; providing for notice; providing for smoke detector maintenance; providing penalties; amending Minnesota Statutes 1986, sections 299F.011, subdivision 6, and by adding subdivisions; and 299F.362, subdivisions 5, 6, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Segal
Battaglia	Gutknecht	Long	Otis	Simoneau
Bauerly	Hartle	Marsh	Ozment	Skoglund
Beard	Haukoos	McDonald	Pappas	Solberg
Begich	Heap	McEachern	Pauly	Sparby
Bennett	Himle	McKasy	Pelowski	Stanius
Bertram	Hugoson	McLaughlin	Peterson	Steenasma
Bishop	Jacobs	McPherson	Poppenhagen	Sviggum
Blatz	Jefferson	Milbert	Price	Swenson
Boo	Jennings	Miller	Quinn	Thiede
Brown	Jensen	Minne	Quist	Tjornhom
Burger	Johnson, A.	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, R.	Munger	Reding	Trimble
Carlson, L.	Johnson, V.	Murphy	Rest	Tunheim
Carruthers	Kahn	Nelson, C.	Rice	Uphus
Clausnitzer	Kalis	Nelson, D.	Richter	Valento
Cooper	Kelly	Nelson, K.	Riveness	Vanasek
Dauner	Kelso	Neuenschwander	Rodosovich	Vellenga
DeBlicke	Kinkel	O'Connor	Rose	Voss
Dempsey	Kludt	Ogren	Rukavina	Wagenius
Dille	Knickerbocker	Olsen, S.	Sarna	Waltman
Dorn	Knuth	Olsen, E.	Schafer	Welle
Forsythe	Kostohryz	Olsen, K.	Scheid	Wenzel
Frederick	Krueger	Omamm	Schoenfeld	Winter
Frerichs	Larsen	Onnen	Schreiber	Spk. Norton
Greenfield	Lasley	Orenstein	Seaberg	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1421, A bill for an act relating to insurance; regulating the formation and operation of risk retention groups; prescribing the powers and duties of the commissioner; defining terms; prescribing

penalties; proposing coding for new law as Minnesota Statutes, chapter 60E.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 1421 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1421, A bill for an act relating to insurance; regulating the formation and operation of risk retention groups; prescribing the powers and duties of the commissioner; defining terms; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 60E.

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.	Gutknecht	Long	Otis	Simoneau
Battaglia	Hartle	Marsh	Ozment	Skoglund
Bauerly	Haukoos	McDonald	Pappas	Solberg
Beard	Heap	McEachern	Pauly	Sparby
Begich	Himle	McKasy	Pelowski	Stanius
Bennett	Hugoson	McLaughlin	Peterson	Steensma
Bertram	Jacobs	McPherson	Poppenbagen	Sviggum
Blatz	Jefferson	Milbert	Price	Swenson
Boo	Jennings	Miller	Quinn	Thiede
Brown	Jensen	Minne	Quist	Tjornhom
Burger	Johnson, A.	Morrison	Redalen	Tompkins
Carlson, D.	Johnson, R.	Munger	Reding	Trimble
Carlson, L.	Johnson, V.	Murphy	Rest	Tunheim
Carruthers	Kahn	Nelson, C.	Rice	Uphus
Clausnitzer	Kalis	Nelson, D.	Richter	Valento
Cooper	Kelly	Nelson, K.	Riveness	Vanasek
Dauner	Kelso	Neuenschwander	Rodosovich	Vellenga
DeBlicke	Kinkel	O'Connor	Rose	Voss
Dempsey	Kludt	Ogren	Rukavina	Wagenius
Dille	Knickerbocker	Olsen, S.	Sarna	Waltman
Dorn	Knuth	Olson, E.	Schafer	Welle
Forsythe	Kostohryz	Olson, K.	Scheid	Wenzel
Frederick	Krueger	Omann	Schoenfeld	Winter
Frerichs	Larsen	Onnen	Schreiber	Wynia
Greenfield	Lasley	Orenstein	Seaberg	
Gruenes	Lieder	Osthoff	Segal	

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. 822, A bill for an act relating to commerce; requiring that credit card applications contain specific disclosures respecting conditions and costs; prescribing penalties; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325G.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

O'Connor moved that the House concur in the Senate amendments to H. F. No. 822 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 822, A bill for an act relating to commerce; requiring that credit card applications contain specific disclosures respecting conditions and costs; prescribing penalties; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325G.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Kludt	Nelson, K.	Rest
Battaglia	Frerichs	Knickerbocker	Neuenschwander	Rice
Bauerly	Greenfield	Knuth	O'Connor	Richter
Beard	Gruenes	Kostohryz	Ogren	Riveness
Begich	Gutknecht	Krueger	Olsen, S.	Rodosovich
Bennett	Hartle	Larsen	Olson, E.	Rose
Bertram	Haukoos	Lasley	Olson, K.	Rukavina
Bishop	Heap	Lieder	Omann	Sarna
Blatz	Himle	Long	Onnen	Schafer
Boo	Hugoson	Marsh	Orenstein	Scheid
Brown	Jacobs	McDonald	Osthoff	Schoenfeld
Burger	Jaros	McEachern	Otis	Schreiber
Carlson, D.	Jefferson	McKasy	Ozment	Seaberg
Carlson, L.	Jennings	McLaughlin	Pappas	Segal
Carruthers	Jensen	McPherson	Pauly	Simoneau
Clausnitzer	Johnson, A.	Milbert	Pelowski	Skoglund
Cooper	Johnson, R.	Miller	Peterson	Solberg
Dauner	Johnson, V.	Minne	Poppenhagen	Sparby
DeBlieck	Kahn	Morrison	Price	Stanius
Dempsey	Kalis	Munger	Quinn	Steenma
Dille	Kelly	Murphy	Quist	Swenson
Dorn	Kelso	Nelson, C.	Redalen	Thiede
Forsythe	Kinkel	Nelson, D.	Reding	Tjornhom

Tompkins  
Trimble  
Tunheim

Uphus  
Valento  
Vanasek

Vellenga  
Voss  
Wagenius

Waltman  
Welle  
Wenzel

Winter  
Wynia  
Spk. Norton

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. 955, A bill for an act relating to port authority powers for the cities of Roseville and White Bear Lake; amending Laws 1985, chapter 301, sections 3 and 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Valento moved that the House concur in the Senate amendments to H. F. No. 955 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 955, A bill for an act relating to port authority powers for the cities of Roseville and White Bear Lake; amending Laws 1985, chapter 301, sections 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. There were 122 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dempsey	Johnson, R.	McLaughlin	Otis
Battaglia	Dille	Johnson, V.	McPherson	Ozment
Bauerly	Dorn	Kahn	Milbert	Pappas
Beard	Forsythe	Kalis	Miller	Pauly
Begich	Frederick	Kelly	Minne	Pelowski
Bennett	Frerichs	Kelso	Morrison	Peterson
Bertram	Greenfield	Kinkel	Munger	Poppenhagen
Bishop	Gutknecht	Kludt	Murphy	Price
Blatz	Hartle	Knickerbocker	Nelson, C.	Quinn
Boo	Haukoos	Knuth	Nelson, K.	Quist
Brown	Heap	Kostohryz	Neuenschwander	Redalen
Burger	Himle	Krueger	O'Connor	Reding
Carlson, D.	Hugoson	Lasley	Ogren	Rest
Carlson, L.	Jacobs	Lieder	Olsen, S.	Rice
Carruthers	Jaros	Long	Olson, E.	Richter
Clausnitzer	Jefferson	Marsh	Olson, K.	Riveness
Cooper	Jennings	McDonald	Omam	Rodosovich
Dauner	Jensen	McEachern	Onnen	Rose
DeBlick	Johnson, A.	McKasy	Orenstein	Rukavina



Sarna	Skoglund	Tjornhom	Vanasek	Winter
Schafer	Solberg	Tompkins	Vellenga	Wynia
Schoenfeld	Sparby	Trimble	Voss	Spk. Norton
Seaberg	Stanius	Tunheim	Wagenius	
Segal	Steensma	Uphus	Waltman	
Simoneau	Swenson	Valento	Wenzel	

Those who voted in the negative were:

Schreiber      Sviggum      Thiede

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1314, A bill for an act relating to courts; conforming fees for the filing of an unlawful detainer action in Hennepin county with other civil fees and unlawful detainer fees collected throughout the state; changing Hennepin county conciliation court filing and counterclaim fees; amending Minnesota Statutes 1986, sections 488A.03, subdivision 11; and 488A.14, subdivisions 1 and 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 1314 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1314, A bill for an act relating to courts; conforming fees for the filing of an unlawful detainer action in Hennepin county with other civil fees and unlawful detainer fees collected throughout the state; changing Hennepin county conciliation court filing and counterclaim fees; amending Minnesota Statutes 1986, sections 488A.03, subdivision 11; and 488A.14, subdivisions 1 and 5.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.      Battaglia      Bauerly      Beard      Begich

Bennett	Heap	McDonald	Ozment	Simoneau
Bertram	Himle	McEachern	Pappas	Skoglund
Bishop	Hugoson	McKasy	Pauly	Solberg
Blatz	Jacobs	McLaughlin	Pelowski	Sparby
Boo	Jaros	McPherson	Peterson	Stanius
Brown	Jefferson	Milbert	Poppenhagen	Steensma
Burger	Jensen	Miller	Price	Sviggum
Carlson, D.	Johnson, A.	Minne	Quinn	Swenson
Carlson, L.	Johnson, R.	Morrison	Quist	Thiede
Carruthers	Johnson, V.	Munger	Redalen	Tjornhom
Clausnitzer	Kahn	Murphy	Reding	Tompkins
Cooper	Kalis	Nelson, C.	Rest	Trimble
Dauner	Kelly	Nelson, D.	Rice	Tunheim
DeBlieck	Kelso	Nelson, K.	Richter	Uphus
Dempsey	Kinkel	Neuenschwander	Riveness	Valento
Dille	Kludt	O'Connor	Rodosovich	Vanasek
Dorn	Knickerbocker	Ogren	Rose	Vellenga
Forsythe	Knuth	Olsen, S.	Rukavina	Voss
Frederick	Kostohryz	Olson, E.	Sarna	Wagenius
Frerichs	Krueger	Olson, K.	Schafer	Waltman
Greenfield	Larsen	Omann	Scheid	Welle
Gruenes	Lasley	Onnen	Schoenfeld	Wenzel
Gutknecht	Lieder	Orenstein	Schreiber	Winter
Hartle	Long	Osthoff	Seaberg	Wynia
Haukoos	Marsh	Otis	Segal	Spk. Norton

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. 362, A bill for an act relating to Hennepin county; creating a county housing and redevelopment authority; applying the municipal housing and redevelopment act to Hennepin county; providing for local approval of projects; proposing coding for new law in Minnesota Statutes, chapter 383B.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Jefferson moved that the House concur in the Senate amendments to H. F. No. 362 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 362, A bill for an act relating to Hennepin county; creating a county housing and redevelopment authority; applying the municipal housing and redevelopment act to Hennepin county; providing for local approval of projects; proposing coding for new law in Minnesota Statutes, chapter 383B.

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 105 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Olson, E.	Sarna
Battaglia	Gruenes	Lasley	Olson, K.	Scheid
Bauerly	Hartle	Lieder	Omann	Schoenfeld
Beard	Heap	Long	Onnen	Seaberg
Begich	Jacobs	McDonald	Orenstein	Simoneau
Bertram	Jaros	McEachern	Osthoff	Skoglund
Bishop	Jefferson	McKasy	Otis	Solberg
Boo	Jennings	McLaughlin	Ozment	Sparby
Brown	Jensen	Milbert	Pappas	Swenson
Burger	Johnson, A.	Miller	Pelowski	Tompkins
Carlson, D.	Johnson, R.	Minne	Peterson	Trimble
Carlson, L.	Kahn	Morrison	Price	Tunheim
Carruthers	Kalis	Munger	Quinn	Uphus
Clark	Kelly	Murphy	Redalen	Vanasek
Clausnitzer	Kelso	Nelson, C.	Reding	Vellenga
Cooper	Kinkel	Nelson, D.	Rest	Voss
Dauner	Kludt	Nelson, K.	Rice	Wagenius
DeBlieck	Knickerbocker	Neuenschwander	Richter	Welle
Dille	Knuth	O'Connor	Riveness	Wenzel
Dorn	Kostahryz	Ogren	Rodosovich	Wynia
Forsythe	Krueger	Olsen, S.	Rukavina	Spk. Norton

Those who voted in the negative were:

Bennett	Gutknecht	Marsh	Rose	Thiede
Blatz	Haukoos	McPherson	Schafer	Tjornhom
Dempsey	Himle	Pauly	Schreiber	Valento
Frederick	Hugoson	Poppenhagen	Stanius	Waltman
Frerichs	Johnson, V.	Quist	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. 3, A bill for an act relating to labor; changing the minimum wage; amending Minnesota Statutes 1986, section 177.24, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Kelly moved that the House concur in the Senate amendments to H. F. No. 3 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 Kelly motion and the roll was called. There were 102 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Milbert	Quinn	Swiggum
Anderson, R.	Jefferson	Minne	Quist	Swenson
Battaglia	Jennings	Morrison	Redalen	Tjornhom
Bauerly	Jensen	Munger	Reding	Tompkins
Beard	Johnson, A.	Murphy	Rest	Trimble
Begich	Johnson, R.	Nelson, C.	Rice	Tunheim
Bennett	Johnson, V.	Nelson, D.	Riveness	Uphus
Bishop	Kalis	Nelson, K.	Rodosovich	Valento
Blatz	Kelly	Neuenschwander	Rose	Vanasek
Boo	Kelso	O'Connor	Rukavina	Vellenga
Carlson, D.	Kinkel	Ogren	Sarna	Voss
Carlson, L.	Kludt	Olsen, S.	Scheid	Wagenius
Carruthers	Knuth	Olson, E.	Schoenfeld	Waltman
Clark	Kostohryz	Orenstein	Seaberg	Welle
Cooper	Krueger	Osthoff	Segal	Wenzel
Dorn	Larsen	Otis	Simoneau	Winter
Frederick	Lasley	Ozment	Skoglund	Wynia
Greenfield	Lieder	Pappas	Solberg	Spk. Norton
Hartle	McEachern	Pelowski	Sparby	
Himle	McKasy	Peterson	Stanius	
Jacobs	McLaughlin	Price	Steensma	

Those who voted in the negative were:

Bertram	Dempsey	Gutknecht	Marsh	Pauly
Burger	Dille	Haukoos	McDonald	Richter
Clausnitzer	Forsythe	Heap	Miller	Schafer
Dauner	Frerichs	Hugoson	Olson, K.	Schreiber
DeBlick	Gruenes	Knickerbocker	Omann	Thiede

The motion prevailed.

H. F. No. 3, A bill for an act relating to labor; changing the minimum wage; amending Minnesota Statutes 1986, section 177.24, 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 90 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carruthers	Jaros	Kalis
Anderson, R.	Bishop	Clark	Jefferson	Kelly
Battaglia	Boo	Cooper	Jennings	Kelso
Bauerly	Brown	Dorn	Jensen	Kinkel
Beard	Carlson, D.	Greenfield	Johnson, A.	Kludt
Begich	Carlson, L.	Jacobs	Johnson, R.	Knuth

Kostohryz	Murphy	Pappas	Scheid	Trimble
Krueger	Nelson, C.	Peterson	Schoenfeld	Tunheim
Larsen	Nelson, D.	Price	Segal	Valento
Lasley	Nelson, K.	Quinn	Simoneau	Vanasek
Lieder	Neuenschwander	Reding	Skoglund	Vellenga
McEachern	O'Connor	Rest	Solberg	Voss
McKasy	Olsen, S.	Rice	Sparby	Wagenius
McLaughlin	Olson, E.	Riveness	Stanius	Welle
Milbert	Orenstein	Rodosovich	Steensma	Wenzel
Minne	Osthoff	Rose	Swenson	Winter
Morrison	Otis	Rukavina	Tjornhom	Wynia
Munger	Ozment	Sarna	Tompkins	Spk. Norton

Those who voted in the negative were:

Bertram	Forsythe	Hugoson	Omann	Schafer
Blatz	Frederick	Johnson, V.	Onnen	Seaberg
Burger	Frerichs	Knickerbocker	Pauly	Sviggum
Clausnitzer	Gruenes	Marsh	Pelowski	Thiede
Dauner	Hartle	McDonald	Poppenhagen	Uphus
DeBlieck	Haukoos	McPherson	Quist	Waltman
Dempsey	Heap	Miller	Redalen	
Dille	Himle	Olson, K.	Richter	

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. 792, A bill for an act relating to credit unions; permitting certain groups to join existing credit unions; amending Minnesota Statutes 1986, section 52.05.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Voss moved that the House concur in the Senate amendments to H. F. No. 792 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 792, A bill for an act relating to credit unions; permitting certain groups to join existing credit unions; amending Minnesota Statutes 1986, section 52.05.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Osthoff	Simoneau
Anderson, R.	Gutknecht	Lasley	Otis	Solberg
Battaglia	Hartle	Lieder	Ozment	Sparby
Bauerly	Haukoos	Long	Pappas	Stanius
Beard	Heap	Marsh	Pauly	Steensma
Begich	Himle	McEachern	Pelowski	Sviggum
Bennett	Hugoson	McKasy	Peterson	Swenson
Bertram	Jacobs	McLaughlin	Poppenhagen	Tjornhom
Bishop	Jaros	Milbert	Price	Tompkins
Blatz	Jefferson	Minne	Quinn	Trimble
Boo	Jennings	Morrison	Redalen	Tunheim
Brown	Jensen	Munger	Reding	Uphus
Burger	Johnson, A.	Murphy	Rest	Valento
Carlson, D.	Johnson, R.	Nelson, C.	Rice	Vanasek
Carlson, L.	Johnson, V.	Nelson, D.	Richter	Vellenga
Carruthers	Kahn	Nelson, K.	Riveness	Voss
Clark	Kalis	Neuenschwander	Rodosovich	Wagenius
Clausnitzer	Kelly	O'Connor	Rose	Waltman
Cooper	Kelso	Ogren	Rukavina	Welle
DeBlicek	Kinkel	Olsen, S.	Sarna	Wenzel
Dempsey	Kludt	Olson, E.	Schafer	Winter
Dille	Knickerbocker	Olson, K.	Scheid	Wynia
Dorn	Knuth	Omman	Schoenfeld	Spk. Norton
Frederick	Kostohryz	Onnen	Seaberg	
Frerichs	Krueger	Orenstein	Segal	

Those who voted in the negative were:

Forsythe	McDonald	Quist	Thiede
Gruenes	Miller	Schreiber	

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. 308, A bill for an act relating to crimes; including live performances in the statute regulating exposure of minors to sexually provocative material; amending Minnesota Statutes 1986, sections 617.291; and 617.294.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Pappas moved that the House concur in the Senate amendments to H. F. No. 308 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 308, A bill for an act relating to crimes; obscenity; prohibiting exhibition of obscene live performances to juveniles in a

place of public accommodation; prohibiting the admission of a minor to an obscene exhibition even if minor does not pay for admission; amending Minnesota Statutes 1986, sections 617.291; and 617.294.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Onnen	Seaberg
Anderson, R.	Greenfield	Lasley	Orenstein	Segal
Battaglia	Gruenes	Lieder	Osthoff	Simoneau
Bauerly	Gutknecht	Long	Otis	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steensma
Bishop	Hugoson	McLaughlin	Poppenhagen	Sviggum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jaros	Milbert	Quinn	Thiede
Brown	Jefferson	Miller	Quist	Tjornhom
Burger	Jensen	Minne	Redalen	Tompkins
Carlson, D.	Johnson, A.	Morrison	Reding	Trimble
Carlson, L.	Johnson, R.	Munger	Rest	Tunheim
Carruthers	Johnson, V.	Murphy	Rice	Valento
Clark	Kahn	Nelson, C.	Richter	Vanasek
Clausnitzer	Kalis	Nelson, D.	Riveness	Vellenga
Cooper	Kelly	Nelson, K.	Rodosovich	Voss
Dauner	Kelso	Neuenschwander	Rose	Wagenius
DeBlieck	Kinkel	O'Connor	Rukavina	Waltman
Dempsey	Kludt	Ogren	Sarna	Welle
Dille	Knickerbocker	Olsen, S.	Schafer	Wenzel
Dorn	Knuth	Olson, E.	Scheid	Winter
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Wynia
Frederick	Krueger	Omann	Schreiber	Spk. Norton

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. 590, A bill for an act relating to crimes; sentencing; allowing a two year stay of sentence in misdemeanor cases involving driving under the influence and fifth degree assault; amending Minnesota Statutes 1986, section 609.135, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

## CONCURRENCE AND REPASSAGE

Rest moved that the House concur in the Senate amendments to H. F. No. 590 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 590, A bill for an act relating to crimes; sentencing; allowing the extension of a stay of execution in misdemeanor cases involving driving under the influence; amending Minnesota Statutes 1986, section 609.135, subdivision 2.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Osthoff	Simoneau
Anderson, R.	Gutknecht	Lieder	Otis	Skoglund
Battaglia	Hartle	Long	Ozment	Solberg
Bauerly	Haukoos	Marsh	Pappas	Sparby
Beard	Heap	McDonald	Pauly	Stanius
Begich	Himle	McEachern	Pelowski	Steensma
Bennett	Hugoson	McKasy	Poppenhagen	Sviggum
Bertram	Jacobs	McLaughlin	Price	Swenson
Bishop	Jaros	McPherson	Quinn	Thiede
Blatz	Jefferson	Milbert	Quist	Tjornhom
Boo	Jennings	Miller	Redalen	Tompkins
Burger	Jensen	Minne	Reding	Trimble
Carlson, D.	Johnson, A.	Morrison	Rest	Tunheim
Carlson, L.	Johnson, R.	Munger	Rice	Uphus
Carruthers	Johnson, V.	Murphy	Richter	Valento
Clark	Kahn	Nelson, C.	Riveness	Vanasek
Clausnitzer	Kalis	Nelson, D.	Rodosovich	Vellenga
Cooper	Kelly	Nelson, K.	Rose	Voss
Dauner	Kelso	Neuenschwander	Rukavina	Wagenius
DeBlicke	Kinkel	O'Connor	Sarna	Waltman
Dempsey	Kludt	Ogren	Schafer	Welle
Dille	Knickerbocker	Olsen, S.	Scheid	Wenzel
Dorn	Knuth	Olson, K.	Schoenfeld	Winter
Frederick	Kostohryz	Omann	Schreiber	Wynia
Frerichs	Krueger	Onnen	Seaberg	Spk. Norton
Greenfield	Larsen	Orenstein	Segal	

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. 690, A bill for an act relating to traffic regulations; requiring a blood or urine test when there is probable cause to



believe there is impairment by a controlled substance; requiring alternative test to be offered under certain conditions; amending Minnesota Statutes 1986, section 169.123, subdivisions 2 and 2a.

PATRICK E. FLAHAVERN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Swenson moved that the House concur in the Senate amendments to H. F. No. 690 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 690, A bill for an act relating to traffic regulations; requiring a blood or urine test when there is probable cause to believe there is impairment by a controlled substance; requiring alternative test to be offered under certain conditions; amending Minnesota Statutes 1986, section 169.123, subdivisions 2 and 2a.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Simoneau
Anderson, R.	Gruenes	Lieder	Otis	Skoglund
Battaglia	Gutknecht	Long	Ozment	Solberg
Bauerly	Hartle	Marsh	Pappas	Sparby
Beard	Haukoos	McDonald	Pauly	Stanius
Begich	Heap	McEachern	Pelowski	Steensma
Bennett	Himle	McKasy	Peterson	Sviggum
Bertram	Hugoson	McLaughlin	Poppenhagen	Swenson
Bishop	Jacobs	McPherson	Price	Thiede
Blatz	Jaros	Milbert	Quinn	Tjornhom
Boo	Jefferson	Miller	Quist	Tompkins
Brown	Jennings	Minne	Redalen	Trimble
Burger	Jensen	Morrison	Reding	Tunheim
Carlson, D.	Johnson, A.	Munger	Rest	Uphus
Carlson, L.	Johnson, R.	Murphy	Rice	Valento
Carruthers	Johnson, V.	Nelson, C.	Richter	Vanasek
Clark	Kahn	Nelson, D.	Riveness	Vellenga
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Voss
Cooper	Kelly	Neuenschwander	Rose	Wagenius
Dauner	Kelso	O'Connor	Rukavina	Waltman
DeBlicke	Kinkel	Ogren	Sarna	Welle
Dempsey	Kludt	Olsen, S.	Schafer	Wenzel
Dille	Knickerbocker	Olsen, E.	Scheid	Winter
Dorn	Knuth	Olson, K.	Schoenfeld	Wynia
Forsythe	Kostohryz	Omann	Schreiber	Spk. Norton
Frederick	Krueger	Onnen	Seaberg	
Frerichs	Larsen	Orenstein	Segal	

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. 1366, A bill for an act relating to occupations and professions; creating the Minnesota task force on interior designers and decorators and providing for its duties.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Kinkel moved that the House concur in the Senate amendments to H. F. No. 1366 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1366; A bill for an act relating to occupations and professions; creating the Minnesota task force on interior designers and decorators and providing for its duties.

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 104 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lieder	Osthoff	Segal
Battaglia	Greenfield	Long	Otis	Simoneau
Bauerly	Hartle	McEachern	Pappas	Skoglund
Beard	Heap	McKasy	Pelowski	Solberg
Begich	Jacobs	McLaughlin	Peterson	Sparby
Bertram	Jaros	McPherson	Poppenhagen	Steenma
Bishop	Jefferson	Milbert	Price	Tompkins
Boo	Jennings	Minne	Quinn	Trimble
Brown	Jensen	Morrison	Redalen	Tunheim
Burger	Johnson, A.	Munger	Reding	Uphus
Carlson, L.	Johnson, R.	Murphy	Rest	Valento
Carruthers	Kahn	Nelson, C.	Rice	Vanasek
Clark	Kalis	Nelson, D.	Riveness	Vellenga
Clausnitzer	Kelly	Neuenschwander	Rodosovich	Voss
Cooper	Kelso	O'Connor	Rose	Wagenius
Dauner	Kinkel	Ogren	Rukavina	Welle
DeBlieck	Kludd	Olson, E.	Sarna	Wenzel
Dempsey	Kostohryz	Olson, K.	Scheid	Winter
Dille	Krueger	Omann	Schoenfeld	Wynia
Dorn	Larsen	Onnen	Schreiber	Spk. Norton
Forsythe	Lasley	Orenstein	Seaberg	

Those who voted in the negative were:

Anderson, R.	Gutknecht	Knickerbocker	Olsen, S.	Sviggum
Blatz	Haukoos	Knuth	Ozment	Thiede
Carlson, D.	Himle	Marsh	Pauly	Tjornhom
Frerichs	Hugoson	McDonald	Quist	Waltman
Gruenes	Johnson, V.	Miller	Richter	

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. 1073, A bill for an act relating to occupations and professions; providing advertising restrictions for plumbers; imposing penalties; amending Minnesota Statutes 1986, section 326F.75.

PATRICK E. FLAHAVEN, Secretary of the Senate

O'Connor moved that the House refuse to concur in the Senate amendments to H. F. No. 1073, 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. 1312, A bill for an act relating to peace officers; requiring licensure as a prerequisite to exercising the authority of a peace officer unless otherwise authorized by law; prohibiting persons from misrepresenting themselves as peace officers or part-time peace officers; prescribing penalties; amending Minnesota Statutes 1986, sections 169.98, by adding subdivisions; 367.41, subdivision 1; and 626.84; proposing coding for new law in Minnesota Statutes, chapter 626.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Kelly moved that the House concur in the Senate amendments to H. F. No. 1312 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1312, A bill for an act relating to peace officers; requiring licensure as a prerequisite to exercising the authority of a peace officer; prohibiting persons from misrepresenting themselves as peace officers or part-time peace officers; prescribing penalties; amending Minnesota Statutes 1986, sections 169.98, by adding subdivisions; 367.41, subdivision 1; and 626.84; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Osthoff	Segal
Anderson, R.	Gruenes	Lieder	Otis	Simoneau
Battaglia	Gutknecht	Long	Ozment	Skoglund
Bauerly	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steensma
Bishop	Hugoson	McLaughlin	Poppenhagen	Sviggum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jaros	Milbert	Quinn	Thiede
Brown	Jefferson	Miller	Quist	Tjornhom
Burger	Jennings	Minne	Redalen	Tompkins
Carlson, D.	Jensen	Morrison	Reding	Trimble
Carlson, L.	Johnson, A.	Munger	Rest	Tunheim
Carruthers	Johnson, R.	Murphy	Rice	Uphus
Clark	Johnson, V.	Nelson, C.	Richter	Valento
Clausnitzer	Kahn	Nelson, D.	Riveness	Vanasek
Cooper	Kalis	Neuenschwander	Rodosovich	Vellenga
Dauner	Kelly	O'Connor	Rose	Voss
DeBlieck	Kelso	Ogren	Rukavina	Wagenius
Dempsey	Kinkel	Olsen, S.	Sarna	Waltman
Dille	Kludt	Olson, E.	Schafer	Welle
Dorn	Knickerbocker	Olson, K.	Scheid	Wenzel
Forsythe	Knuth	Omann	Schoenfeld	Winter
Frederick	Kostohryz	Onnen	Schreiber	Wynia
Frerichs	Krueger	Orenstein	Seaberg	Spk. Norton

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. 687, A bill for an act relating to collection and dissemination of data; allowing law enforcement agencies to release the

date of birth of persons involved in traffic accidents; amending Minnesota Statutes 1986, section 169.09, subdivision 13.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Poppenhagen moved that the House concur in the Senate amendments to H. F. No. 687 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 687, A bill for an act relating to collection and dissemination of data; allowing law enforcement agencies to release the date of birth of persons involved in traffic accidents; amending Minnesota Statutes 1986, section 169.09, subdivision 13.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 117 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	McDonald	Pauly	Stanius
Anderson, R.	Gutknecht	McKasy	Pelowski	Steensma
Battaglia	Hartle	McLaughlin	Peterson	Swiggum
Bauerly	Heap	McPherson	Poppenhagen	Swenson
Begich	Himle	Milbert	Price	Thiede
Bennett	Hugoson	Miller	Quist	Tjornhom
Bertram	Jaros	Minne	Redalen	Tompkins
Bishop	Jennings	Morrison	Reding	Trimble
Blatz	Johnson, A.	Munger	Rest	Tunheim
Boo	Johnson, R.	Murphy	Rice	Uphus
Brown	Johnson, V.	Nelson, C.	Richter	Valento
Burger	Kalis	Nelson, D.	Rodosovich	Vanasek
Carlson, D.	Kelly	Nelson, K.	Rose	Vellenga
Carlson, L.	Kelso	Neuenschwander	Rukavina	Voss
Clark	Kinkel	Ogren	Schafer	Wagenius
Clausnitzer	Kludt	Olsen, S.	Scheid	Waltman
Cooper	Knickerbocker	Olson, E.	Schoenfeld	Welle
Dauner	Knuth	Omann	Schreiber	Wenzel
DeBlieck	Kostohryz	Onnen	Seaberg	Winter
Dempsey	Krueger	Orenstein	Segal	Wynia
Dille	Lasley	Osthoff	Simoneau	Spk. Norton
Dorn	Lieder	Otis	Skoglund	
Forsythe	Long	Ozment	Solberg	
Frederick	Marsh	Pappas	Sparby	

Those who voted in the negative were:

Beard	Greenfield	Jefferson	Larsen	Olson, K.
Carruthers	Haukoos	Jensen	McEachern	Quinn
Frerichs	Jacobs	Kahn	O'Connor	Sarna

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. 1041, A bill for an act relating to adoption; requiring certain notifications to parents placing a child for adoption and to proposed adoptive parents; specifying that adoptive parents may not voluntarily terminate parental rights for any reason not available to birth parents; amending Minnesota Statutes 1986, sections 259.24, subdivision 5; 259.25, subdivision 1; and 260.221; proposing coding for new law in Minnesota Statutes, chapter 259.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Wagenius moved that the House concur in the Senate amendments to H. F. No. 1041 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1041, A bill for an act relating to adoption; requiring certain notifications to parents placing a child for adoption and to proposed adoptive parents; specifying that adoptive parents may not voluntarily terminate parental rights for any reason not available to birth parents; amending Minnesota Statutes 1986, sections 259.24, subdivision 5; 259.25, subdivision 1; and 260.221; proposing coding for new law in Minnesota Statutes, chapter 259.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dille	Himle	Kalis
Anderson, R.	Burger	Dorn	Hugoson	Kelly
Battaglia	Carlson, D.	Forsythe	Jacobs	Kelso
Bauerly	Carlson, L.	Frederick	Jaros	Kinkel
Beard	Carruthers	Frerichs	Jefferson	Kludt
Begich	Clark	Greenfield	Jennings	Knickerbocker
Bennett	Clausnitzer	Gruenes	Jensen	Knuth
Bertram	Cooper	Gutknecht	Johnson, A.	Kostohryz
Bishop	Dauner	Hartle	Johnson, R.	Krueger
Blatz	DeBlicke	Haukoos	Johnson, V.	Larsen
Boo	Dempsey	Heap	Kahn	Lasley

Lieder	Neuenschwander	Poppenhagen	Schreiber	Uphus
Long	O'Connor	Price	Seaberg	Valento
McDonald	Ogren	Quinn	Segal	Vanasek
McEachern	Olsen, S.	Quist	Simoneau	Vellenga
McKasy	Olson, E.	Redalen	Skoglund	Voss
McLaughlin	Olson, K.	Reding	Solberg	Wagenius
McPherson	Omamn	Rest	Sparby	Waltman
Milbert	Onnen	Rice	Stanius	Welle
Miller	Orenstein	Richter	Steensma	Wenzel
Minne	Osthoff	Rodosovich	Sviggum	Winter
Morrison	Otis	Rose	Swenson	Wynia
Munger	Ozment	Rukavina	Thiede	Spk. Norton
Murphy	Pappas	Sarna	Tjornhom	
Nelson, C.	Pauly	Schafer	Tompkins	
Nelson, D.	Pelowski	Scheid	Trimble	
Nelson, K.	Peterson	Schoenfeld	Tunheim	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 388, A bill for an act relating to crimes; providing for attachment of financial assets of persons charged with committing a felony; updating the wiretap law; prohibiting persons from defrauding insurers by concealing or removing property for the purpose of making a fraudulent insurance claim; amending Minnesota Statutes 1986, sections 609.611; and 626A.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

PATRICK E. FLAHAVER, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Riveness moved that the House concur in the Senate amendments to H. F. No. 388 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 388, A bill for an act relating to crimes; providing for attachment of financial assets of persons charged with committing a felony; updating the wiretap law; prohibiting persons from defrauding insurers by concealing or removing property for the purpose of making a fraudulent insurance claim; amending Minnesota Statutes 1986, sections 609.611; and 626A.05, subdivision 2; 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. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Krueger	Omann	Schoenfeld
Anderson, R.	Greenfield	Larsen	Onnen	Schreiber
Battaglia	Gruenes	Lasley	Orenstein	Seaberg
Bauerly	Gutknecht	Lieder	Osthoff	Segal
Beard	Hartle	Long	Otis	Simoneau
Begich	Haukoos	Marsh	Ozment	Skoglund
Bennett	Heap	McDonald	Pappas	Solberg
Bertram	Himle	McEachern	Pauly	Sparby
Bishop	Hugoson	McKasy	Pelowski	Stanius
Blatz	Jacobs	McLaughlin	Peterson	Steensma
Boo	Jaros	McPherson	Poppenhagen	Sviggum
Brown	Jefferson	Milbert	Price	Swenson
Burger	Jennings	Miller	Quinn	Thiede
Carlson, D.	Jensen	Minne	Quist	Tjornhom
Carlson, L.	Johnson, A.	Morrison	Redalen	Trimble
Carruthers	Johnson, R.	Munger	Reding	Tunheim
Clark	Johnson, V.	Murphy	Rest	Uphus
Clausnitzer	Kahn	Nelson, C.	Rice	Valento
Cooper	Kalis	Nelson, D.	Richter	Vanasek
Dauner	Kelly	Nelson, K.	Riveness	Vellenga
DeBlicck	Kelso	Neuenschwander	Rodosovich	Voss
Dempsey	Kinkel	O'Connor	Rose	Wagenius
Dille	Kludt	Ogren	Rukavina	Waltman
Dorn	Knickerbocker	Olsen, S.	Sarna	Welle
Forsythe	Knuth	Olson, E.	Schafer	Wenzel
Frederick	Kostohryz	Olson, K.	Scheid	Winter
				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. 1119, A bill for an act relating to state lands; permitting the sale of certain land in St. Louis county.

PATRICK E. FLAHAVEN, Secretary of the Senate

#### CONCURRENCE AND REPASSAGE

Rukavina moved that the House concur in the Senate amendments to H. F. No. 1119 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1119, A bill for an act relating to state lands; permitting the sale of certain land in St. Louis 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Onnen	Seaberg
Anderson, R.	Greenfield	Lasley	Orenstein	Segal
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steenasma
Bishop	Hugoson	McLaughlin	Poppenhagen	Sviggum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jaros	Milbert	Quinn	Thiede
Brown	Jefferson	Miller	Quist	Tjornhom
Burger	Jennings	Minne	Redalen	Tompkins
Carlson, D.	Jensen	Morrison	Reding	Trimble
Carlson, L.	Johnson, A.	Munger	Rest	Tunheim
Carruthers	Johnson, R.	Murphy	Rice	Uphus
Clark	Johnson, V.	Nelson, C.	Richter	Valento
Clausnitzer	Kalis	Nelson, D.	Riveness	Vanasek
Cooper	Kelly	Nelson, K.	Rodosovich	Vellenga
Dauner	Kelso	Neuenschwander	Rose	Voss
DeBlick	Kinkel	O'Connor	Rukavina	Wagenius
Dempsey	Kludt	Ogren	Sarna	Waltman
Dille	Knickerbocker	Olsen, S.	Schafer	Welle
Dorn	Knuth	Olson, E.	Scheid	Wenzel
Forsythe	Kostohryz	Olson, K.	Schoenfeld	Winter
Frederick	Krueger	Omann	Schreiber	Wynia
				Spk. Norton

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. 593, A bill for an act relating to crimes; requiring insurance companies to notify and release insurance policy information to certain law enforcement and prosecutorial authorities regarding motor vehicle thefts under investigation; prescribing higher penalties for major theft and motor vehicle theft; providing that orders of restitution may be entered in favor of corporate victims; allowing the court to amend or issue orders of restitution when the defendant is on probation or supervised release; extending the statute of limitations for certain major thefts to five years; amending Minnesota Statutes 1986, sections 90.301, subdivision 6; 256.98;

256B.35, subdivision 5; 393.07, subdivision 10; 609.52, subdivision 3; 611A.01; 611A.04, subdivision 1; and 628.26; proposing coding for new law in Minnesota Statutes, chapter 65B.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jefferson moved that the House concur in the Senate amendments to H. F. No. 593 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 593, A bill for an act relating to crimes; requiring insurance companies to notify and release insurance policy information to certain law enforcement and prosecutorial authorities regarding motor vehicle thefts under investigation; prescribing higher penalties for major theft, motor vehicle theft, and repeat violations of the crime of unauthorized use of a motor vehicle; providing that orders of restitution may be entered in favor of corporate victims; allowing the court to amend or issue orders of restitution when the defendant is on probation or supervised release; extending the statute of limitations for certain major thefts to five years; amending Minnesota Statutes 1986, sections 90.301, subdivision 6; 256.98; 256B.35, subdivision 5; 393.07, subdivision 10; 609.52, subdivision 3; 611A.01; 611A.04, subdivision 1; and 628.26; proposing coding for new law in Minnesota Statutes, chapter 65B.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dauner	Jennings	Marsh	Olson, E.
Anderson, R.	DeBlicke	Jensen	McDonald	Olson, K.
Battaglia	Dempsey	Johnson, A.	McEachern	Omann
Bauerly	Dille	Johnson, R.	McKasy	Onnen
Beard	Dorn	Johnson, V.	McLaughlin	Orenstein
Begich	Forsythe	Kahn	McPherson	Osthoff
Bennett	Frederick	Kalis	Milbert	Otis
Bertram	Frerichs	Kelly	Miller	Ozment
Bishop	Greenfield	Kelso	Minne	Pappas
Blatz	Gruenes	Kinkel	Morrison	Pauly
Boo	Gutknecht	Kludt	Munger	Pelowski
Brown	Hartle	Knickerbocker	Murphy	Peterson
Burger	Haukoos	Knuth	Nelson, C.	Poppenhagen
Carlson, D.	Heap	Kostohryz	Nelson, D.	Price
Carlson, L.	Himle	Krueger	Nelson, K.	Quinn
Carruthers	Hugoson	Larsen	Neuenschwander	Quist
Clark	Jacobs	Lasley	O'Connor	Redalen
Clausnitzer	Jaros	Lieder	Ogren	Reding
Cooper	Jefferson	Long	Olsen, S.	Rest

Rice	Scheid	Sparby	Trimble	Waltman
Richter	Schoenfeld	Stanius	Tunheim	Welle
Riveness	Schreiber	Steensma	Uphus	Wenzel
Rodosovich	Seaberg	Swiggum	Valento	Winter
Rose	Segal	Swenson	Vanasek	Wynia
Rukavina	Simoneau	Thiede	Vellenga	Spk. Norton
Sarna	Skoglund	Tjornhom	Voss	
Schafer	Solberg	Tompkins	Wagenius	

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. 1374, A bill for an act relating to the office of the attorney general; removing the numerical limit on the number of assistant attorneys general; authorizing the attorney general to delegate contract review duties; amending Minnesota Statutes 1986, section 8.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 8.

PATRICK E. FLAHAVEN, Secretary of the Senate

Simoneau moved that the House refuse to concur in the Senate amendments to H. F. No. 1374, 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. 841, A bill for an act relating to utilities; providing for prevention of unlawful meter bypass, tampering, and use; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325E.

PATRICK E. FLAHAVEN, Secretary of the Senate

Carruthers moved that the House refuse to concur in the Senate amendments to H. F. No. 841, 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. 1622, A bill for an act relating to courts; providing court of appeals and crime victim representation on the sentencing guidelines commission; providing that terms of commission members appointed by the governor are coterminous with the governor; changing the date on which the commission's report to the legislature is due; clarifying the membership on judicial appeal panels; permitting retired judges to solemnize marriages; clarifying judicial representation on the judicial standards board; authorizing the supreme court to adopt court rules; restricting mileage reimbursement for law clerks; amending Minnesota Statutes 1986, sections 244.09, subdivisions 2, 3, and 11; 253B.19, subdivision 1; 480.051; 481.02, subdivision 3; 484.545, subdivision 3; 484.62; 490.15, subdivision 1; 517.04; and 525.06.

PATRICK E. FLAHAVEN, Secretary of the Senate

Orenstein moved that the House refuse to concur in the Senate amendments to H. F. No. 1622, 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. 1304, A bill for an act relating to insurance; regulating cancellations of insurance agency contracts; proposing coding for new law in Minnesota Statutes, chapter 60A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Milbert moved that the House refuse to concur in the Senate amendments to H. F. No. 1304, 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. 1209, A bill for an act relating to public nuisances; defining a nuisance; providing for the enjoinder of nuisances; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1986, sections 617.33; 617.34; 617.35; 617.36; 617.37; 617.38; 617.39; 617.40; and 617.41.

PATRICK E. FLAHAVEN, Secretary of the Senate

Wagenius moved that the House refuse to concur in the Senate amendments to H. F. No. 1209; 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. 596, A bill for an act relating to jails; providing for the detention and confinement of minors subject to prosecution as adults; amending Minnesota Statutes 1986, sections 641.14; and 636.07.

PATRICK E. FLAHAVEN, Secretary of the Senate

Kelly moved that the House refuse to concur in the Senate amendments to H. F. No. 596, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two-houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 830:

S. F. No. 830, A bill for an act relating to commerce; regulating nonrenewals and transfers of franchises; providing civil liability for unfair practices in relation to franchises; amending Minnesota Statutes 1986, sections 80C.14; and 80C.17, subdivision 1.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Pehler, Luther and Frederickson, 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

Gruenes 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. 830. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1261:

S. F. No. 1261, A bill for an act relating to the state building code; changing certain provisions relating to public buildings; amending Minnesota Statutes 1986, sections 16B.60, subdivisions 3 and 6; 16B.61, by adding a subdivision; and 16B.71.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Marty; Frederickson, D. J., and Frederickson, D. R.

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

DeBlicke 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. 1261. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 915:

S. F. No. 915, A bill for an act relating to crime; amending trespass law to prohibit harassment on private property; prohibiting following and stalking with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; prohibiting intentional harassment by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.605, subdivision 1; 609.746; 609.79, subdivision 1; and 609.795.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Ms. Reichgott, Messrs. Spear and Ramstad.

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

Pappas 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. 915. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1:

S. F. No. 1, A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing duties for the community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the Minnesota public finance authority; changing the membership of the Minnesota job skills partnership board; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; providing a program for revitalization of the cities of St. Paul and Minneapolis; creating a program for funding economic development projects in the taconite tax relief area; permitting investment of earnings of the northeast Minnesota economic protection trust in venture capital enterprises; appropriating money; amending Minnesota Statutes 1986, sections 15.039, by adding a subdivision; 16A.80, subdivision 2a; 41A.01; 41A.02, subdivisions 3, 4, 6, 11, and by adding subdivisions; 41A.05,

subdivisions 1 and 2; 41A.08; 116.16, subdivisions 2, 4, 5, 9, and by adding subdivisions; 116.18, subdivisions 2a and 3a; 116J.36, subdivisions 2, 3b, 3c, 8, 8a, and 11; 116J.37, subdivision 1, and by adding a subdivision; 116J.955, subdivisions 1 and 2; 116L.03, subdivision 2; 281.17; 298.292; 298.296, subdivision 2; 462.384, subdivision 7; 462.385, subdivisions 1 and 3; 462.386, subdivision 1; 462.387, subdivisions 1, 3 and 4; 462.39, subdivisions 2 and 3; 462.391, subdivisions 2, 3 and 4; 462.395; 462.396, subdivision 1; 462.398; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 41A; 93; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 116.167; 116J.951; 116J.961; 116J.965; 116M.01; 116M.02; 116M.03; 116M.04; 116M.05; 116M.06; 116M.07; 116M.08; 116M.09; 116M.10; 116M.11; 116M.12; 116M.13; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; 472.13, subdivisions 2, 3, and 4; and Laws 1969, chapters 833 and 984.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Moe, R. D.; Pogemiller and Dicklich.

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

Tunheim 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. 1. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 911:

S. F. No. 911, A bill for an act relating to education; requiring school districts to make available instruction in Braille reading and writing to blind pupils; proposing coding for new law in Minnesota Statutes, chapter 126.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Hughes and Pehler and Mrs. Brataas.



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

Rukavina 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. 911. 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. 10, A Senate concurrent resolution relating to the legislature; requiring a study of broadcasting the proceedings and hearings of the Senate and House of Representatives.

PATRICK E. FLAHAVEN, Secretary of the Senate

Senate Concurrent Resolution No. 10 was referred to the Committee on Rules and Legislative Administration.

Mr. Speaker:

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

S. F. Nos. 1210, 1260, 1449, 1280, 686, 704, 896 and 966.

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. 451, 533, 575, 875, 1095 and 1307.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 1210, A bill for an act relating to health; creating a program of health insurance for certain families; increasing cigarette and tobacco products taxes; raising the income standard for families for medical assistance; prescribing a floor stocks tax on cigarettes and tobacco products distributors; appropriating money; amending Minnesota Statutes 1986, sections 256B.06, subdivision 1; 297.02, subdivision 1; 297.03, subdivision 5; 297.13, subdivision 1; 297.32, subdivisions 1 and 2; 297.35, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 256 and 297.

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

S. F. No. 1260, A bill for an act relating to state government; providing reimbursement for certain child care expenses incurred in connection with service on state boards, councils, committees, and task forces; amending Minnesota Statutes 1986, sections 15.0575, subdivision 3; 15.059, subdivisions 3 and 6; and 214.09, subdivision 3.

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

S. F. No. 1449, A bill for an act relating to taxation; requiring a registration certificate for park trailers; imposing a registration tax on park trailers; requiring unregistered park trailers to pay property tax; imposing motor vehicle excise tax on park trailers; providing that motor vehicle dealers may sell park trailers; amending Minnesota Statutes 1986, sections 168.011, subdivisions 4 and 8; 168.012, subdivision 9; 168.013, subdivision 1, and by adding a subdivision; 168.053, subdivision 2; 168.27, subdivision 1; and 297B.01, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 168.

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

S. F. No. 1280, A bill for an act relating to public safety; increasing taxable gross weight of vehicles at which proof of payment of use tax is required; providing for permits for new vehicles used in events for promotion purposes; changing trip permit conditions; increasing fine for unlawful use of registration plates or certificates; allowing police to give age of parties in traffic accident to media; providing for the disclosure of certain information from accident reports; providing for service of notice of driver's license revocation by court; prescribing contents of petition for judicial review of driver's license

revocation; subjecting alcohol problem assessment rules to administrative procedure act; prescribing actions by drivers on one-way road when emergency vehicle approaching; requiring school buses on one-way, separated roads with shoulders to load and unload without flashing lights; removing obsolete deadlines; prohibiting alteration of vehicle stop lamps; providing for \$10 fee for class A classified provisional driver's license; allowing inspection of school buses for approved wheelchair devices; amending Minnesota Statutes 1986, sections 168.013, subdivision 20; 168.187, subdivision 17; 168.27, subdivision 16; 168.36, subdivision 2; 169.09, subdivision 13; 169.121, subdivision 7; 169.123, subdivision 5c; 169.124, subdivision 2; 169.20, subdivision 5; 169.44, subdivisions 2, 16, and 17; 169.57, by adding a subdivision; 171.06, subdivision 2; and 299A.11.

The bill was read for the first time.

Jensen moved that S. F. No. 1280 and H. F. No. 413, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 686, A bill for an act relating to agriculture; establishing liens and security interests that are subject to federal notice and registration provisions and provisions prescribing when buyers of farm products purchase subject to or free of security interests; proposing coding for new law in Minnesota Statutes, chapter 223A.

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

S. F. No. 704, A bill for an act relating to administrative procedure; defining certain terms; requiring agencies to solicit outside information before publishing proposed rules; limiting instances in which agencies are required to consider the impact of proposed rules on small businesses; providing for regulatory analyses of proposed rules in certain instances; empowering agencies to adopt emergency rules in certain circumstances; authorizing the legislative commission for review of administrative rules to review exemptions from the administrative procedure act; amending Minnesota Statutes 1986, sections 14.02; 14.05, subdivisions 2 and 4; 14.08; 14.10; 14.115, by adding a subdivision; 14.131; 14.15, subdivision 3; 14.23; 14.26; 14.29, subdivision 1; 14.30; 14.31; 14.365; 14.37, subdivision 1; 14.40; and 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 14 and 541; repealing Minnesota Statutes 1986, section 14.115, subdivision 1.

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

S. F. No. 896, A bill for an act relating to probate; providing for the award of sentimental property to the decedent's children; amending Minnesota Statutes 1986, sections 525.15; and 525.151; proposing coding for new law in Minnesota Statutes, chapter 525.

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

S. F. No. 966, A bill for an act relating to unclaimed property; enacting the Uniform Unclaimed Property Act (1981); amending Minnesota Statutes 1986, sections 80C.03; 149.12; 198.231; 345.25; 356.65, subdivision 2; and 624.68; proposing coding for new law in Minnesota Statutes, chapter 345; repealing Minnesota Statutes 1986, sections 345.31 to 345.60.

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

S. F. No. 451, A bill for an act relating to public safety; parking for handicapped persons; imposing a fine for violations of handicapped parking provisions; providing penalties; amending Minnesota Statutes 1986, sections 168.021, subdivisions 1, 1a, 2, 3, 5, and 6; 169.345; and 169.346; repealing Minnesota Statutes 1986, section 168.021, subdivision 7.

The bill was read for the first time.

Reding moved that S. F. No. 451 and H. F. No. 629, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 533, A bill for an act relating to the city of Hermantown; extending the period that land held by the city for economic development is exempt from tax.

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

S. F. No. 575, A bill for an act relating to organ donation; appropriating money to print driver's license renewal notice communications about organ donation.

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

S. F. No. 875, A bill for an act relating to energy; requiring the legislative advisory commission to recommend allocation of oil overcharge money; appropriating oil overcharge money for low-income energy conservation.

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

S. F. No. 1095, A bill for an act relating to taxation; clarifying determination of estimated property taxes for settlement with local taxing districts; providing an appeal mechanism; amending Minnesota Statutes 1986, section 276.11.

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

S. F. No. 1307, A bill for an act relating to education; establishing a task force on implementing a common course numbering system; appropriating money.

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

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1170:

Welle, Osthoff and Knickerbocker.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 378:

Jacobs, Quinn and Redalen.

Vanasek 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.

Rose was excused between the hours of 1:25 p.m. and 2:50 p.m.

REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Wednesday, May 13, 1987:

H. F. No. 756; S. F. No. 1099; H. F. Nos. 862, 1297, 523, 794, 1095, 629, 939, 1002, 1499, 1645, 899, 887, 485, 829 and 438; S. F. Nos. 167 and 456.

The following Conference Committee Reports were received:

## CONFERENCE COMMITTEE REPORT ON H. F. NO. 554

A bill for an act relating to natural resources; changing certain provisions relating to state park motor vehicle permits; amending Minnesota Statutes 1986, section 85.05, subdivision 2.

May 8, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H. F. No. 554, 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. 554 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [85.0501] [SPECIAL USES OF STATE PARKS.]

Subdivision 1. [RULES.] The commissioner may make rules for the use of state parks including:

(1) special parking space for automobiles or other motor-driven vehicles in a state park or state recreation area;

(2) special parking spurs, campgrounds for automobiles, sites for tent camping, and special auto trailer coach parking spaces, for the use of the individual charged for the space;

(3) improvement and maintenance of golf courses already established in state parks, and charging reasonable use fees;

(4) state park pageant areas that may be established in a state park to have historical or other pageants conducted by the commissioner of a state agency or other public agency; and

(5) providing water, sewer, and electric service to trailer or tent campsites and charging a reasonable use fee.

Subd. 2. [STATE PARK PAGEANTS.] The commissioner may stage state park pageants in a state park, municipal park, or on other land near or adjoining a state park and charge an entrance or use fee for the pageant. All receipts from the pageants must be used in the same manner as though the pageants were conducted in a state park.

Subd. 3. [FEE FOR CERTAIN PARKING AND CAMPSITE USE.]

(a) An individual using spaces in state parks under subdivision 1, clause (2), shall be charged daily rates determined and set by the commissioner in a manner and amount consistent with the type of facility provided for the accommodation of guests in a particular park and with similar facilities offered for tourist camping and similar use in the area.

(b) The fee for special parking spurs, campgrounds for automobiles, sites for tent camping, and special auto trailer coach parking spaces is one-half of the fee set in paragraph (a) on Sunday through Thursday of each week for:

(1) an individual age 65 or over who is a resident of the state and who furnishes satisfactory proof of age and residence;

(2) a physically handicapped person with a motor vehicle that has special plates issued under section 168.021, subdivision 1; or

(3) a physically handicapped person who possesses a certificate issued under section 169.345, subdivision 3.

Subd. 4. [DEPOSIT OF FEES.] (a) Fees paid for special state park uses under this section shall be deposited in the state treasury and credited to the state park maintenance and operation account.

(b) Gross receipts derived from sales, rentals, or leases of natural resources within state parks, recreation areas, and waysides, other than those on trust fund lands, must be deposited in the state treasury and be credited to the state park maintenance and operation account.

Sec. 2. [85.0502] [STATE PARK PERMITS.]

Subdivision 1. [FORM, ISSUANCE, VALIDITY.] (a) The commissioner shall prepare and provide state park permits for each calendar year that state a motor vehicle may enter and use state parks, state recreation areas, and state waysides over 50 acres in area. State park permits must be available and placed on sale by October 1 of the year preceding the calendar year that the permit is valid.

(b) A state park permit may be affixed when purchased and used from the time it is affixed until the end of the calendar year for which it is issued. State park permits in each category must be numbered consecutively for each year of issue.

(c) State park permits shall be issued by employees of the division of parks and recreation as designated by the commissioner.

Subd. 2. [REQUIREMENT.] Except as provided in section 3, a motor vehicle may not enter a state park, state recreation area, or state wayside over 50 acres in area, without a state park permit issued under this section. The state park permit must be affixed to the lower right corner windshield of the motor vehicle and must be completely affixed by its own adhesive to the windshield.

Subd. 3. [SECOND VEHICLE PERMITS.] The commissioner shall prescribe and issue second vehicle state park permits for persons who own more than one motor vehicle and who request a second permit for the second vehicle on a form prescribed by the commissioner. The commissioner may issue an applicant only one second vehicle permit.

Subd. 4. [TWO-DAY PERMITS.] The commissioner shall prescribe a special state park permit for use of state parks, state recreation areas, or state waysides up to two days under conditions prescribed by the commissioner.

Subd. 5. [DAILY VEHICLE PERMIT FOR GROUPS.] The commissioner may authorize special daily vehicle state park permits for groups by rule.

Subd. 6. [EMPLOYEE'S PERMIT.] (a) The commissioner shall prescribe and issue an employee's state park permit to state employees, peace officers, and contractors, that must enter areas where state park permits are required to perform official duties. An employee, peace officer, or contractor must display the special permit on the motor vehicle in the same manner as state park permits are displayed.

(b) A motor vehicle displaying only an employee's state park permit may not enter a place where state park permits are required if the vehicle is used for purposes other than performing official duties.



Subd. 7. [HANDICAPPED PERSONS AND PERSONS OVER AGE 65.] (a) The commissioner shall prescribe and issue special state park permits for:

(1) an individual age 65 years or older who furnishes satisfactory proof of age and is a resident of the state;

(2) a physically handicapped person with a motor vehicle that has special plates issued under section 168.021, subdivision 1; and

(3) up to two days for a physically handicapped person who possesses a certificate issued under section 169.345, subdivision 3.

(b) The permit or the decal issued under this subdivision is valid only when displayed on a vehicle owned and occupied by the person to whom the permit is issued.

### Sec. 3. [85.0503] [STATE PARK PERMIT EXEMPTIONS.]

Subdivision 1. [STATE PARK OPEN HOUSE DAY.] (a) A state park permit is not required for a motor vehicle to enter a state park, state monument, state recreation area, or state wayside, on one day each calendar year, which the commissioner may designate as state park open house day. The commissioner may designate two consecutive days as state park open house day, if the open house is held in conjunction with a special pageant described in section 1, subdivision 2.

(b) The commissioner shall announce the date of state park open house day at least 30 days in advance of the date it occurs.

(c) The state park open house day is to acquaint the public with state parks, recreation areas, and waysides.

Subd. 2. [FORT SNELLING MEMORIAL CHAPEL ISLAND.] A state park permit is not required and a fee may not be charged for motor vehicle entry or parking at the Fort Snelling Memorial Chapel Island portion of Fort Snelling State Park.

Subd. 3. [INTERSTATE PARK.] A Minnesota state park permit is not required at Interstate Park if a valid, current, Wisconsin state park permit or sticker authorizing entry of a motor vehicle into Wisconsin state parks is appropriately displayed on the vehicle and the commissioner has entered into an agreement with appropriate officials of the state of Wisconsin that authorizes motor vehicles displaying Minnesota state park permits free entry into Interstate State Park of Wisconsin on a reciprocal basis.

### Sec. 4. [85.0504] [STATE PARK PERMIT FEES.]

Subdivision 1. [FEES.] The fee for state park permits for:

- (1) an annual use of state parks is \$15;
- (2) a second vehicle state park permit is one-half the annual state park permit fee in clause (1);
- (3) a special state park permit valid up to two days is \$3;
- (4) a special daily vehicle state park permit for groups is as prescribed by the commissioner;
- (5) an employee's state park permit is without charge;
- (6) a special state park permit for handicapped persons and persons over age 65 under section 2, subdivision 7, clauses (1) and (2), is one-half the annual state park permit fee in clause (1) of this subdivision; and
- (7) a special state park permit valid up to two days for handicapped persons and persons over age 65 under section 2, subdivision 7, clauses (1) and (3), is one-half of the special state park permit fee in clause (3) of this subdivision.

Subd. 2. [FEE DEPOSIT AND APPROPRIATION.] The fees collected under this section shall be deposited in the state treasury and credited to the state park maintenance and operation account. Appropriations from the account shall be for state park maintenance and operation.

Sec. 5. [REPEALER.]

Minnesota Statutes 1986, section 85.05, is repealed.

Sec. 6. [EFFECTIVE DATE.]

This act is effective 30 days after final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; changing certain provisions relating to state park permits; authorizing and assessing fees for state park permits for second vehicles; authorizing a state park permit exemption for Interstate Park under reciprocal agreement with Wisconsin; proposing coding for new law in Minnesota Statutes, chapter 85; repealing Minnesota Statutes 1986, section 85.05."

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

House Conferees: THOMAS RUKAVINA, PAUL M. THIEDE AND WILLARD MUNGER.

Senate Conferees: JAMES C. PEHLER, DENNIS R. FREDERICKSON AND STEVEN MORSE.

Rukavina moved that the report of the Conference Committee on H. F. No. 554 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 554, A bill for an act relating to natural resources; changing certain provisions relating to state park motor vehicle permits; amending Minnesota Statutes 1986, section 85.05, subdivision 2.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Larsen	Omann	Seaberg
Battaglia	Gruenes	Lasley	Onnen	Segal
Bauerly	Gutknecht	Lieder	Orenstein	Simoneau
Beard	Hartle	Long	Otis	Skoglund
Begich	Haukoos	Marsh	Ozment	Solberg
Bennett	Heap	McDonald	Pappas	Sparby
Bertram	Hugoson	McEachern	Pelowski	Stanius
Bishop	Jacobs	McKasy	Peterson	Steensma
Blatz	Jaros	McLaughlin	Poppenhagen	Sviggum
Brown	Jefferson	McPherson	Price	Swenson
Burger	Jennings	Milbert	Quinn	Thiede
Carlson, D.	Jensen	Miller	Quist	Tjornhom
Carlson, L.	Johnson, A.	Minne	Redalen	Tompkins
Carruthers	Johnson, R.	Morrison	Reding	Trimble
Clark	Johnson, V.	Munger	Rest	Tunheim
Clausnitzer	Kahn	Murphy	Rice	Uphus
Cooper	Kalis	Nelson, C.	Richter	Vanasek
Dauner	Kelly	Nelson, D.	Riveness	Vellenga
DeBlieck	Kelso	Nelson, K.	Rodosovich	Voss
Dempsey	Kinkel	Neuenschwander	Rukavina	Wagenius
Dille	Kludt	O'Connor	Sarna	Waltman
Dorn	Knickerbocker	Ogren	Schafer	Welle
Forsythe	Knuth	Olsen, S.	Schoenfeld	Wenzel
Frederick	Kostohryz	Olson, E.	Schreiber	Winter
Frerichs	Krueger	Olson, K.		Wynia
				Spk. Norton

The bill was repassed, as amended by Conference, and its title agreed to.

## CONFERENCE COMMITTEE REPORT ON H.F. NO. 200

A bill for an act relating to abuse and neglect reporting; providing a standard for the disclosure of a reporter's name under the child abuse reporting act and the vulnerable adults reporting act; amending Minnesota Statutes 1986, sections 626.556, subdivision 11; and 626.557, subdivision 12.

May 7, 1987

The Honorable Fred C. Norton  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H. F. No. 200, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

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

House Conferees: KATHLEEN O. VELLENGA, PHIL CARRUTHERS AND KATHLEEN A. BLATZ.

Senate Conferees: LINDA BERGLIN, JIM RAMSTAD AND DONNA C. PETERSON.

Vellenga moved that the report of the Conference Committee on H. F. No. 200 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 200, A bill for an act relating to abuse and neglect reporting; providing a standard for the disclosure of a reporter's name under the child abuse reporting act and the vulnerable adults reporting act; amending Minnesota Statutes 1986, sections 626.556, subdivision 11; and 626.557, subdivision 12.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lasley	Osthoff	Skoglund
Battaglia	Gruenes	Lieder	Otis	Solberg
Bauerly	Gutknecht	Long	Ozment	Sparby
Beard	Hartle	McDonald	Pappas	Stanius
Begich	Haukoos	McEachern	Pelowski	Steensma
Bennett	Heap	McKasy	Peterson	Sviggum
Bertram	Hugoson	McLaughlin	Poppenhagen	Swenson
Bishop	Jacobs	McPherson	Price	Thiede
Blatz	Jaros	Milbert	Quinn	Tjornhom
Boo	Jefferson	Miller	Quist	Tompkins
Brown	Jennings	Minne	Redalen	Trimble
Burger	Jensen	Morrison	Reding	Tunheim
Carlson, D.	Johnson, A.	Munger	Rest	Uphus
Carlson, L.	Johnson, R.	Murphy	Rice	Valento
Carruthers	Johnson, V.	Nelson, C.	Richter	Vanasek
Clark	Kahn	Nelson, D.	Riveness	Vellenga
Clausnitzer	Kalis	Nelson, K.	Rodosovich	Voss
Cooper	Kelly	Neuenschwander	Rukavina	Wagenius
Dauner	Kelso	O'Connor	Sarna	Waltman
DeBlicke	Kinkel	Ogren	Schafer	Welle
Dempsey	Kludt	Olsen, S.	Scheid	Wenzel
Dille	Knickerbocker	Olson, E.	Schoenfeld	Winter
Dorn	Knuth	Olson, K.	Schreiber	Wynia
Forsythe	Kostohryz	Omann	Seaberg	Spk. Norton
Frederick	Krueger	Onnen	Segal	
Frerichs	Larsen	Orenstein	Simoneau	

The bill was repassed, as amended by Conference, and its title agreed to.

Dorn was excused between the hours of 1:30 p.m. and 2:50 p.m.

Orenstein was excused between the hours of 1:55 p.m. and 2:50 p.m.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 596:

Kelly, Blatz and Kludt.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 638:

Minne, Kostohryz and Gutknecht.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1:

Schoenfeld, Otis and Neuenschwander.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 830:

Gruenes, Kelly and Dempsey.

The Speaker called Simoneau to the Chair.

### SPECIAL ORDERS

S. F. No. 677 was reported to the House.

Ogren, Jacobs, Clark, Jennings, Quinn, McLaughlin, Scheid, Osthoff, Minne, Jensen, Rodosovich, Beard, Lieder and Jaros moved to amend S. F. No. 677, as follows:

Page 16, after line 4, insert:

“Sec. 13. [237.63] [TELEPHONE ASSISTANCE PLAN; DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 13 to 16 have the meanings given them in this section.

Subd. 2. [COMMISSION.] “Commission” means the Minnesota public utilities commission.

Subd. 3. [DEPARTMENT.] “Department” means the Minnesota department of public service.

Subd. 4. [TELEPHONE COMPANY.] “Telephone company” has the meanings given it in section 237.01, subdivisions 2 and 3, that provides local exchange telephone service.

Subd. 5. [ACCESS LINE.] “Access line” means telephone company-owned facilities furnished to permit switched access to the telecommunications network that extend from a central office to the demarcation point on the property where the subscriber is served. The term includes access lines provided to residential and business subscribers, includes centrex access lines on a trunk-equivalent basis, but does not include private nonswitched or wide area telephone service access lines.

Subd. 6. [FEDERAL MATCHING PLAN.] “Federal matching plan” means the telephone assistance plan formulated by the Federal Communications Commission that provides federal assistance to local telephone subscribers.

Subd. 7. [TELEPHONE ASSISTANCE PLAN.] "Telephone assistance plan" means the plan to be adopted by the commission and to be jointly administered by the commission, the department of human services, and the telephone companies, as required by sections 13 to 16.

Subd. 8. [DOCUMENTATION.] "Documentation" means (1) the most recent income tax return filed by members of the subscriber's household, (2) for each employed member of the subscriber's household, either paycheck stubs for the last two months or a written statement from the employer of wages earned during the preceding two months, (3) a Medicaid card or food stamps eligibility document, (4) documents that show that the subscriber is on a pension from the department of human services, the Social Security Administration, the Veterans Administration, or other pension providers, (5) a letter showing the subscriber's dismissal from a job or other documents showing unemployment, or (6) other document that supports the subscriber's declaration of annual income level.

Sec. 14. [237.64] [DEVELOPMENT OF TELEPHONE ASSISTANCE PLAN.]

Subdivision 1. [COMMISSION RESPONSIBILITY.] The commission shall develop a telephone assistance plan under this section.

Subd. 2. [SCOPE.] The telephone assistance plan must be statewide and apply to telephone companies that provide local exchange service in Minnesota.

Subd. 3. [FEDERAL MATCHING PLAN.] The telephone assistance plan must contain adequate provisions to enable telephone companies to qualify for assistance under the federal matching plan.

Subd. 4. [HOUSEHOLDS ELIGIBLE FOR CREDITS.] The telephone assistance plan must provide telephone assistance credit for a residential household in Minnesota that:

(1) does not receive aid for telephone service under any other program other than the federal matching plan or the telephone assistance plan;

(2) has a household member who subscribes to local exchange telephone service and who is 65 years of age or older; and

(3) has a maximum total annual household income level that does not exceed:

(i) when the size of the household is 1, \$7,862;

(ii) when the size of the household is 2, \$10,281;

(iii) when the size of the household is 3, \$12,699;

(iv) when the size of the household is 4, \$15,118;

(v) when the size of the household is more than 4, \$15,118 plus for each additional household member, \$2,419.

Subd. 5. [NATURE AND EXTENT OF CREDITS.] The telephone assistance plan may provide for telephone assistance credits to eligible households up to the amounts available under the federal matching plan. However, the credits available under the telephone assistance plan may not exceed:

(1) more than 50 percent of the local exchange rate charged for the local exchange service provided to the household by that household's telephone company; and

(2) the level of credits that can actually be funded in accordance with the limitations contained in subdivision 6.

Subd. 6. [FUNDING.] The commission shall provide for the funding of the telephone assistance plan by assessing a uniform recurring monthly surcharge applicable to all classes and grades of access lines provided by each telephone company in the state. The revenue generated by the surcharge must not exceed \$2,500,000 on a statewide basis. This statewide \$2,500,000 limitation must be apportioned between telephone companies based on their relative number of access lines.

Subd. 7. [ADMINISTRATION.] The telephone assistance plan must be administered jointly by the commission, the department of human services, and the telephone companies in accordance with the following guidelines:

(a) The commission and the department of human services shall develop eligibility certification forms that must be completed at least annually by the subscriber residing in a household for the purposes of certifying eligibility for telephone assistance plan credits to the telephone companies.

(b) The department of human services, through its various offices and agencies, shall determine the eligibility for telephone assistance plan credits on an annual basis according to the criteria contained in subdivision 4, based upon consideration of documentation made available to the department of human services by the subscriber, and shall provide the necessary certification forms to eligible households for provision by the households to the telephone company.



(c) The telephone company shall provide telephone assistance plan credits against monthly charges in the month following receipt of an eligibility certification form and shall continue to provide credits for 12 months after, unless notified that eligibility has terminated earlier. At the end of every 12-month period, telephone assistance plan credits cease unless the telephone company has been provided with a new eligibility certification form.

(d) The commission shall serve as the administrator of a statewide surcharge revenue pool and be reimbursed for its administrative expenses from the surcharge revenue pool. As the administrator, the commission shall:

(1) establish a uniform statewide surcharge in accordance with subdivision 6;

(2) establish a uniform statewide level of telephone assistance plan credit that each telephone company shall extend to each eligible household in its service area;

(3) require each telephone company to account to the commission on a periodic basis for surcharge revenues collected by the company, expenses incurred by the company, and credits extended by the company under the telephone assistance plan;

(4) require each telephone company to remit excess surcharge revenues to the commission for administration as part of the pool; and

(5) remit to each telephone company from the surcharge revenue pool the amount necessary to compensate the company for expenses and telephone assistance plan credits that are not covered by the surcharge revenue collected by the company. When it appears that the revenue generated by the maximum surcharge permitted under subdivision 6 will be inadequate to fund any particular established level of telephone assistance plan credits, the commission shall reduce the credits to a level that can be adequately funded by the maximum surcharge. Similarly, the commission may increase the level of the telephone assistance plan credit that is available or reduce the surcharge to a level and for a period of time that will prevent an unreasonable overcollection of surcharge revenues.

(e) Each telephone company shall maintain adequate records of surcharge revenues, expenses, and credits related to the telephone assistance plan and shall, as part of its annual report or separately, provide the commission and the department with a financial report of its experience under the telephone assistance plan for the previous year. That report must also be adequate to satisfy the reporting requirements of the federal matching plan.

(f) The department shall investigate complaints against telephone companies with regard to the telephone assistance plan and shall report the results of its investigation to the commission.

Sec. 15. [237.65] [RULES.]

The commission shall adopt rules under the administrative procedure act necessary or appropriate to establish the telephone assistance plan in accordance with this chapter so that the telephone assistance plan is effective as of January 1, 1988, or as soon after that date as Federal Communications Commission approval of the telephone assistance plan is obtained.

Sec. 16. [237.66] [PARTICIPATION OF DEPARTMENT OF HUMAN SERVICES.]

The department of human services shall participate in the implementation and administration of the telephone assistance plan in accordance with sections 13 to 16.

Sec. 17. [LEGISLATIVE REPORT.]

By January 1, 1989, the commission shall submit a report to the legislature with regard to the implementation, administration, and effectiveness of the telephone assistance plan and shall make any recommendations the commission believes are appropriate with regard to eligibility, funding, and administration of the telephone assistance plan."

Pages 20 and 21, delete section 20

Renumber the sections in sequence

Correct internal references accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 3.9 that the Ogren et al amendment was not in order. Speaker pro tempore Simoneau ruled the point of order not well taken and the amendment in order.

McDonald moved to amend the Ogren et al amendment to S. F. No. 677, as follows:

In the amendment, page 2, line 27, after "service" delete "and who is 65 years of age or older"

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 44 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	McKasy	Quist	Swenson
Bennett	Frerichs	McPherson	Redalen	Thiede
Bishop	Gruenes	Miller	Richter	Tjornhom
Boo	Haukoos	Nelson, C.	Schafer	Tompkins
Burger	Heap	Neuenschwander	Schreiber	Uphus
Carlson, D.	Hugoson	Omman	Seaberg	Valento
Clausnitzer	Johnson, V.	Onnen	Stanius	Waltman
Dempsey	Marsh	Ozment	Steensma	Winter
Dille	McDonald	Poppenhagen	Sviggum	

Those who voted in the negative were:

Battaglia	Jefferson	Lieder	Pappas	Skoglund
Bauerly	Jensen	Long	Pelowski	Solberg
Beard	Johnson, A.	McEachern	Peterson	Sparby
Begich	Johnson, R.	McLaughlin	Price	Trimble
Bertram	Kahn	Milbert	Quinn	Tunheim
Brown	Kalis	Minne	Reding	Vanasek
Carlson, L.	Kelly	Munger	Rest	Vellenga
Carruthers	Kelso	Murphy	Rice	Voss
Clark	Kinkel	Nelson, D.	Riveness	Wagenius
Cooper	Kludt	Nelson, K.	Rodosovich	Welle
Dauner	Knickerbocker	O'Connor	Rukavina	Wenzel
DeBlick	Knuth	Ogren	Sarna	Wynia
Greenfield	Kostohryz	Olson, E.	Scheid	Spk. Norton
Hartle	Krueger	Olson, K.	Schoenfeld	
Jacobs	Larsen	Osthoff	Segal	
Jaros	Lasley	Otis	Simoneau	

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

The question recurred on the Ogren et al amendment and the roll was called. There were 95 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Clark	Jensen	Krueger	Nelson, C.
Battaglia	Cooper	Johnson, A.	Larsen	Nelson, D.
Bauerly	Dauner	Johnson, R.	Lasley	Nelson, K.
Beard	DeBlick	Johnson, V.	Long	O'Connor
Begich	Dorn	Kahn	Marsh	Ogren
Bertram	Greenfield	Kelly	McEachern	Olson, E.
Boo	Gruenes	Kelso	McLaughlin	Olson, K.
Brown	Jacobs	Kinkel	Milbert	Omman
Carlson, D.	Jaros	Kludt	Minne	Onnen
Carlson, L.	Jefferson	Knuth	Munger	Orenstein
Carruthers	Jennings	Kostohryz	Murphy	Osthoff

Otis	Rest	Scheid	Swenson	Voss
Ozment	Rice	Segal	Tjornhom	Wagenius
Pappas	Riveness	Simoneau	Tompkins	Waltman
Pelowski	Rodosovich	Skoglund	Trimble	Welle
Peterson	Rose	Solberg	Tunheim	Wenzel
Price	Rukavina	Sparby	Uphus	Winter
Quinn	Sarna	Stanius	Vanasek	Wynia
Reding	Schafer	Steensma	Vellenga	Spk. Norton

Those who voted in the negative were:

Anderson, G.	Frerichs	Knickerbocker	Pauly	Sviglum
Bennett	Hartle	McDonald	Poppenhagen	Thiede
Burger	Haukoos	McKasy	Quist	Valento
Clausnitzer	Heap	McPherson	Redalen	
Dempsey	Himle	Miller	Richter	
Forsythe	Hugoson	Morrison	Schreiber	
Frederick	Kalis	Neuenschwander	Seaberg	

The motion prevailed and the amendment was adopted.

Olson, E., moved to amend S. F. No. 677, as amended, as follows:

Page 3 of the Ogren et al amendment, line 11, delete everything after "plan" and insert "through a local exchange telephone company access surcharge to interexchange carriers for access to the local exchange. The statewide revenue to be generated by the access surcharge must not exceed \$2,500,000. The access surcharge, to the extent possible, must be coordinated with any statewide toll compensation plan adopted by the commission."

Page 3 of the Ogren et al amendment, delete lines 12 to 17

Page 4 of the Ogren et al amendment, lines 8, 9, 11, 17, 21, 23, 26, 27, 31, 33 and 35 before "surcharge" insert "access"

Page 5 of the Ogren et al amendment, line 1, before "surcharge" insert "access"

A roll call was requested and properly seconded.

The question was taken on the Olson, E., amendment and the roll was called. There were 36 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Kalis	Olson, E.	Schafer
Bauerly	DeBlieck	Kludt	Olson, K.	Shaver
Bertram	Dempsey	Lasley	Omann	Sparby
Bishop	Gruenes	Lieder	Onnen	Stanius
Boo	Himle	McDonald	Otis	Sviglum
Brown	Jensen	Milbert	Peterson	Swenson
Burger	Johnson, V.	Nelson, C.	Redalen	Tunheim
				Waltman

Those who voted in the negative were:

Anderson, R.	Haukoos	Marsh	Pauly	Simoneau
Battaglia	Heap	McEachern	Pelowski	Skoglund
Beard	Hugoson	McKasy	Poppenhagen	Solberg
Begich	Jacobs	McLaughlin	Quinn	Steensma
Bennett	Jaros	McPherson	Quist	Thiede
Carlson, D.	Jefferson	Miller	Reding	Tjornhom
Carlson, L.	Jennings	Minne	Rest	Tompkins
Carruthers	Johnson, A.	Munger	Richter	Trimble
Clark	Kahn	Murphy	Riveness	Uphus
Clausnitzer	Kelly	Nelson, K.	Rodosovich	Valento
Dauner	Kelso	O'Connor	Rose	Vanasek
Dorn	Kinkel	Ogren	Rukavina	Voss
Forsythe	Knickerbocker	Olsen, S.	Sarna	Wagenius
Frederick	Knuth	Orenstein	Scheid	Wenzel
Frerichs	Kostohryz	Osthoff	Schreiber	Winter
Greenfield	Krueger	Ozment	Seaberg	Spk. Norton
Hartle	Long	Pappas	Segal	

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

Schreiber moved to amend S. F. No. 677, as amended, as follows:

Page 1 of the Ogren et al amendment, delete lines 32 to 36

Page 2 of the Ogren et al amendment, delete lines 1 to 8 and insert:

“Subd. 8. [INCOME.] For purposes of sections 13 to 17, income has the meaning given it in section 290A.03, subdivision 3.”

A roll call was requested and properly seconded.

The question was taken on the Schreiber amendment and the roll was called. There were 114 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Kinkel	Nelson, D.	Quinn
Anderson, R.	Frerichs	Kludt	Nelson, K.	Quist
Battaglia	Greenfield	Knickerbocker	Neuenschwander	Redalen
Bauerly	Gruenes	Knuth	O'Connor	Reding
Beard	Hartle	Kostohryz	Ogren	Rest
Begich	Haukoos	Krueger	Olsen, S.	Rice
Bennett	Heap	Lasley	Olson, E.	Richter
Bertram	Himle	Long	Olson, K.	Riveness
Boo	Hugoson	Marsh	Omann	Rose
Brown	Jacobs	McDonald	Onnen	Sarna
Burger	Jefferson	McEachern	Osthoff	Schafer
Carlson, D.	Jennings	McKasy	Otis	Scheid
Carlson, L.	Jensen	McPherson	Ozment	Schreiber
Carruthers	Johnson, A.	Milbert	Pappas	Seaberg
Clausnitzer	Johnson, R.	Miller	Pauly	Segal
Cooper	Johnson, V.	Morrison	Pelowski	Shaver
Dempsey	Kahn	Munger	Peterson	Simoneau
Dille	Kalis	Murphy	Poppenhagen	Solberg
Forsythe	Kelly	Nelson, C.	Price	Sparby

Stanius	Tjornhom	Uphus	Voss	Wenzel
Sviggum	Tompkins	Valento	Wagenius	Wynia
Swenson	Trimble	Vanasek	Waltman	Spk. Norton
Thiede	Tunheim	Vellenga	Welle	

Those who voted in the negative were:

Clark	Jaros	Lieder	Rukavina
Dauner	Kelso	Minne	Steensma
DeBlicke	Larsen	Rodosovich	Winter

The motion prevailed and the amendment was adopted.

Rose was excused between the hours of 3:40 p.m. and 4:00 p.m.

S. F. No. 677, A bill for an act relating to public utilities; providing for the reduced regulation of certain competitive telephone services, with limitations and procedures; requiring persons providing private shared tenant service to grant certain access; requiring a study and report on universal service assistance; amending Minnesota Statutes 1986, sections 237.01, subdivision 3; 237.081, subdivision 1a; 237.11; 237.12; 237.16, subdivision 1; 237.17; and 237.22; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1986, sections 237.13; 237.41; 237.42; and 237.43.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Kludt	Nelson, K.	Rice
Anderson, R.	Frederick	Knickerbocker	Neuenschwander	Richter
Battaglia	Frerichs	Knuth	O'Connor	Riveness
Bauerly	Greenfield	Kostohryz	Ogren	Rodosovich
Beard	Gruenes	Krueger	Olsen, S.	Rukavina
Begich	Hartle	Larsen	Olson, E.	Sarna
Bennett	Haukoos	Lasley	Olson, K.	Schafer
Bertram	Heap	Lieder	Omann	Scheid
Bishop	Himle	Long	Onnen	Schoenfeld
Boo	Hugoson	Marsh	Orenstein	Schreiber
Brown	Jacobs	McDonald	Osthoff	Seaberg
Burger	Jaros	McEachern	Otis	Segal
Carlson, D.	Jefferson	McKasy	Ozment	Shaver
Carlson, L.	Jennings	McLaughlin	Pappas	Simoneau
Carruthers	Jensen	McPherson	Pauly	Skoglund
Clark	Johnson, A.	Milbert	Pelowski	Solberg
Clausnitzer	Johnson, R.	Miller	Peterson	Sparby
Cooper	Johnson, V.	Minne	Price	Stanius
Dauner	Kahn	Morrison	Quinn	Steensma
DeBlicke	Kalis	Munger	Quist	Sviggum
Dempsey	Kelly	Murphy	Redalen	Swenson
Dille	Kelso	Nelson, C.	Reding	Thiede
Dorn	Kinkel	Nelson, D.	Rest	Tjornhom

Tompkins  
Trimble  
Tunheim

Uphus  
Valento  
Vanasek

Vellenga  
Voss  
Wagenius

Waltman  
Welle  
Wenzel

Winter  
Wynia  
Spk. Norton

The bill was passed, as amended, and its title agreed to.

Orenstein was excused between the hours of 3:45 p.m. and 4:00 p.m.

Dorn was excused between the hours of 3:45 p.m. and 4:15 p.m.

Speaker pro tempore Simoneau called Long to the Chair.

H. F. No. 938 was reported to the House.

Simoneau moved to amend H. F. No. 938, the first engrossment, as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1986, section 8.07, is amended to read:

8.07 [OPINIONS; COUNTY, CITY, TOWN, PUBLIC PENSION FUND, SCHOOL ATTORNEYS, COMMISSIONER OF EDUCATION.]

The attorney general on application shall give an opinion, in writing, to county, city, town, public pension fund attorneys, or the attorneys for the board of a school district or unorganized territory on questions of public importance; and on application of the commissioner of education shall give an opinion, in writing, upon any question arising under the laws relating to public schools. On all school matters such opinion shall be decisive until the question involved shall be decided otherwise by a court of competent jurisdiction."

Renumber the remaining sections

Page 4, line 20, delete "6" and insert "7"

Amend the title as follows:

Page 1, line 2, after the semicolon insert "legal advisor for public pension funds;"

Page 1, line 5, after "sections" insert "8.07;"

The motion prevailed and the amendment was adopted.

Minne moved to amend H. F. No. 938, the first engrossment, as amended, as follows:

Page 4, after line 18, insert:

“Sec. 7. [HIBBING COUNCIL MEMBER.]

Notwithstanding the “incumbency” provisions of Minnesota Statutes, section 353.01, subdivision 7, and rules adopted by the PERA board, to the contrary, a person who served on the city council for the city of Hibbing and elected PERA membership from January 1, 1983, and who terminated service November 25, 1986, after being re-elected to the city council for a term beginning January 6, 1987, shall be no longer considered a member of the association for service rendered as an elected official as of the termination date of November 25, 1986. The person shall have the right in accordance with section 353.01, subdivisions 2a, clause (a), and 7, to exercise the option to become a member of the association for any service rendered as an elected official on or after January 1, 1987.”

Renumber the remaining section

Page 4, line 20, delete “7” and insert “8”

The motion prevailed and the amendment was adopted.

H. F. No. 938, A bill for an act relating to retirement; legal advisor for public pension funds; regulating workers' compensation offsets to public employee retirement association benefits; amending Minnesota Statutes 1986, sections 8.07; 353.29, subdivision 2; 353.33, subdivision 5, and by adding a subdivision; 353.651, subdivision 2; 353.656, subdivision 2, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bishop	Carruthers	Dille	Haukoos
Anderson, R.	Blatz	Clark	Forsythe	Heap
Battaglia	Boo	Clausnitzer	Frederick	Himle
Bauerly	Brown	Cooper	Greenfield	Hugoson
Beard	Burger	Dauner	Gruenes	Jacobs
Begich	Carlson, D.	DeBlicck	Gutknecht	Jaros
Bertram	Carlson, L.	Dempsey	Hartle	Jefferson



Jennings	Marsh	Olson, K.	Riveness	Tjornhom
Jensen	McDonald	Omman	Rodosovich	Tompkins
Johnson, A.	McEachern	Onnen	Rukavina	Trimble
Johnson, R.	McKasy	Osthoff	Sarna	Tunheim
Johnson, V.	McLaughlin	Otis	Schafer	Uphus
Kahn	McPherson	Ozment	Scheid	Valento
Kalis	Milbert	Pappas	Schoenfeld	Vanasek
Kelly	Miller	Pauly	Schreiber	Vellenga
Kelso	Minne	Pelowski	Seaberg	Voss
Kinkel	Morrison	Peterson	Segal	Wagenius
Kludt	Munger	Poppenhagen	Shaver	Waltman
Knickerbocker	Murphy	Price	Simoneau	Welle
Knuth	Nelson, C.	Quinn	Skoglund	Wenzel
Kostohryz	Nelson, D.	Quist	Solberg	Winter
Krueger	Nelson, K.	Redalen	Sparby	Wynia
Larsen	Neuenschwander	Reding	Steenma	Spk. Norton
Lasley	O'Connor	Rest	Sviggum	
Lieder	Ogren	Rice	Swenson	
Long	Olsen, S.	Richter	Thiede	

The bill was passed, as amended, and its title agreed to.

H. F. No. 727 was reported to the House.

Larsen moved to amend H. F. No. 727, the first engrossment, as follows:

Pages 3 and 4, delete section 3 and renumber the subsequent section

Amend the title as follows:

Page 1, line 4, delete “, heads of higher education systems,”

Page 1, line 7, after “1” delete the comma and insert “and”; after “7” delete “and 7b,”

The motion prevailed and the amendment was adopted.

H. F. No. 727, A bill for an act relating to state government; amending the process for establishing salaries for the chair of the regional transit board and directors of statewide pension systems; amending Minnesota Statutes 1986, section 15A.081, subdivisions 1 and 7, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lasley	Ozment	Simoneau
Anderson, R.	Gutknecht	Lieder	Pappas	Solberg
Battaglia	Hartle	Long	Pauly	Sparby
Bauerly	Haukoos	Marsh	Pelowski	Stanuis
Beard	Heap	McDonald	Peterson	Steensma
Begich	Himle	McEachern	Poppenhagen	Sviggum
Bennett	Hugoson	McKasy	Price	Swenson
Bertram	Jacobs	McPherson	Quinn	Thiede
Blatz	Jaros	Milbert	Quist	Tjornhom
Boo	Jefferson	Miller	Redalen	Tompkins
Brown	Jennings	Minne	Reding	Trimble
Burger	Jensen	Morrison	Rest	Tunheim
Carlson, D.	Johnson, A.	Munger	Rice	Uphus
Carlson, L.	Johnson, R.	Murphy	Richter	Valento
Carruthers	Johnson, V.	Nelson, C.	Riveness	Vanasek
Clark	Kahn	Nelson, D.	Rodosovich	Vellenga
Clausnitzer	Kalis	Nelson, K.	Rose	Voss
Cooper	Kelly	Neuenschwander	Rukavina	Wagenius
Dauner	Kelso	Ogren	Sarna	Waltman
DeBlieck	Kinkel	Olsen, S.	Schafer	Welle
Dempsey	Kludt	Olson, E.	Scheid	Wenzel
Dille	Knickerbocker	Olson, K.	Schoenfeld	Winter
Forsythe	Knuth	Omann	Schreiber	Spk. Norton
Frederick	Kostohryz	Onnen	Seaberg	
Frerichs	Krueger	Osthoff	Segal	
Greenfield	Larsen	Otis	Shaver	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1045, A bill for an act relating to insurance; establishing a demonstration project to provide medical insurance to certain low income persons; proposing coding for new law in Minnesota Statutes, chapter 256B.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlieck	Johnson, V.	Milbert	Pappas
Anderson, R.	Dempsey	Kahn	Minne	Pauly
Battaglia	Dille	Kalis	Morrison	Pelowski
Bauerly	Forsythe	Kelly	Munger	Peterson
Beard	Frederick	Kelso	Murphy	Poppenhagen
Begich	Frerichs	Kinkel	Nelson, C.	Price
Bennett	Greenfield	Kludt	Nelson, D.	Quinn
Bertram	Gutknecht	Knuth	Nelson, K.	Redalen
Blatz	Hartle	Kostohryz	Neuenschwander	Reding
Boo	Haukoos	Krueger	O'Connor	Rest
Brown	Heap	Larsen	Ogren	Rice
Burger	Himle	Lasley	Olson, E.	Riveness
Carlson, D.	Jacobs	Lieder	Olson, K.	Rodosovich
Carlson, L.	Jaros	Long	Omann	Rose
Carruthers	Jefferson	Marsh	Onnen	Rukavina
Clark	Jennings	McDonald	Orenstein	Sarna
Clausnitzer	Jensen	McEachern	Osthoff	Schafer
Cooper	Johnson, A.	McKasy	Otis	Scheid
Dauner	Johnson, R.	McLaughlin	Ozment	Schoenfeld

Seaberg	Sparby	Tompkins	Vellenga	Winter
Segal	Stanius	Trimble	Voss	Wynia
Shaver	Steensma	Tunheim	Wagenius	Spk. Norton
Simoneau	Sviggum	Uphus	Waltman	
Skoglund	Swenson	Valento	Welle	
Solberg	Tjornhom	Vanasek	Wenzel	

Those who voted in the negative were:

Hugoson	Miller	Richter
Knickerbocker	Quist	Thiede

The bill was passed and its title agreed to.

H. F. No. 1183, A bill for an act relating to human services; establishing service principles and rate-setting procedures for day training and habilitation services provided to persons with mental retardation and related conditions; amending Minnesota Statutes 1986, sections 245.782, subdivision 5; 252.21; 252.22; 252.23; 252.24, subdivisions 1 and 4; 252.25; 256B.02, subdivision 8; 256B.501, subdivisions 1, 2, and 8; 256E.09, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 252; repealing Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a; repealing Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Knickerbocker	O'Connor	Richter
Anderson, R.	Greenfield	Knuth	Ogren	Riveness
Battaglia	Gruenes	Kostohryz	Olsen, S.	Rodosovich
Bauerly	Gutknecht	Krueger	Olson, E.	Rose
Beard	Hartle	Larsen	Olson, K.	Rukavina
Begich	Haukoos	Lasley	Omann	Sarna
Bennett	Heap	Lieder	Onnen	Schafer
Bertram	Himle	Marsh	Orenstein	Scheid
Blatz	Hugoson	McDonald	Osthoff	Schoenfeld
Boo	Jacobs	McEachern	Otis	Schreiber
Brown	Jaros	McKasy	Ozment	Seaberg
Burger	Jefferson	McLaughlin	Pappas	Segal
Carlson, D.	Jennings	McPherson	Pauly	Shaver
Carlson, L.	Jensen	Milbert	Pelowski	Simoneau
Carruthers	Johnson, A.	Miller	Peterson	Skoglund
Clausnitzer	Johnson, R.	Minne	Poppenhagen	Solberg
Cooper	Johnson, V.	Morrison	Price	Sparby
Dauner	Kahn	Munger	Quinn	Stanius
Dempsey	Kalis	Murphy	Quist	Steensma
Dille	Kelly	Nelson, C.	Redalen	Sviggum
Dorn	Kelso	Nelson, D.	Reding	Swenson
Forsythe	Kinkel	Nelson, K.	Rest	Thiede
Frederick	Kludt	Neuenschwander	Rice	Tjornhom

Tompkins	Uphus	Vellenga	Waltman	Winter
Trimble	Valento	Voss	Welle	Wynia
Tunheim	Vanasek	Wagenius	Wenzel	Spk. Norton

The bill was passed and its title agreed to.

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

H. F. No. 1210, A bill for an act relating to human services; regulating the licensure of programs for the care of children or of adults with certain disabilities; providing penalties; replacing the existing licensure law; amending Minnesota Statutes 1986, sections 256D.01, by adding a subdivision; and 256D.37, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 1986, sections 245.781; 245.782; 245.783; 245.791; 245.792; 245.801; 245.802; 245.803; 245.804; 245.805; 245.811; 245.812; 245.88; 245.881; 245.882; 245.883; 245.884; and 245.885.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Lieder	Osthoff	Simoneau
Anderson, R.	Hartle	Long	Otis	Skoglund
Battaglia	Haukoos	Marsh	Ozment	Solberg
Bauerly	Heap	McDonald	Pappas	Sparby
Beard	Himle	McEachern	Pauly	Stanius
Begich	Hugoson	McKasy	Pelowski	Steensma
Bennett	Jacobs	McLaughlin	Peterson	Sviggum
Bertram	Jaros	McPherson	Poppenhagen	Swenson
Bishop	Jefferson	Milbert	Price	Thiede
Blatz	Jennings	Miller	Quinn	Tjornhom
Boo	Jensen	Minne	Quist	Tompkins
Brown	Johnson, A.	Morrison	Redalen	Trimble
Burger	Johnson, R.	Munger	Reding	Tunheim
Carlson, D.	Johnson, V.	Murphy	Rice	Uphus
Carlson, L.	Kahn	Nelson, C.	Richter	Valento
Carruthers	Kalis	Nelson, D.	Riveness	Vanasek
Clark	Kelly	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kelso	Neuenschwander	Rose	Voss
Cooper	Kinkel	O'Connor	Rukavina	Wagenius
Dauner	Kludt	Ogren	Sarna	Waltman
DeBlicke	Knickerbocker	Olsen, S.	Scheid	Wenzel
Dempsey	Knuth	Olsen, E.	Schoenfeld	Winter
Dille	Kostohryz	Olson, K.	Schreiber	Wynia
Forsythe	Krueger	Omann	Seaberg	Spk. Norton
Frederick	Larsen	Onnen	Segal	
Greenfield	Lasley	Orenstein	Shaver	

The bill was passed and its title agreed to.

H. F. No. 1351 was reported to the House.

Schafer moved to amend H. F. No. 1351, the second engrossment, as follows:

Page 1, line 13, before the semicolon insert “,DEER, BEAR, CANADA GEESE”

Page 1, line 19, before the period insert “deer, bear, or Canada geese”

Page 1, line 28, delete “elk” and insert “those animals”

Page 2, line 31, after the comma insert “deer, bear, or Canada geese”

Page 5, line 21, delete “\$200” and insert “\$400”

Amend the title accordingly

A roll call was requested and properly seconded.

Orenstein was excused between the hours of 4:23 p.m. and 5:50 p.m.

The question was taken on the Schafer amendment and the roll was called. There were 35 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Blatz	Frerichs	Johnson, V.	Osthoff	Shaver
Boo	Gutknecht	Kelly	Ozment	Sviggum
Burger	Hartle	Knickerbocker	Poppenhagen	Swenson
Clausnitzer	Haukoos	McPherson	Quist	Thiede
Dempsey	Heap	Miller	Redalen	Tompkins
Dille	Himle	Morrison	Richter	Uphus
Frederick	Hugoson	Olsen, S.	Schafer	Waltman

Those who voted in the negative were:

Anderson, G.	DeBlicke	Kelso	McLaughlin	Omann
Anderson, R.	Forsythe	Kinkel	Milbert	Onnen
Battaglia	Greenfield	Kludt	Minne	Otis
Bauerly	Gruenes	Knuth	Munger	Pappas
Beard	Jacobs	Kostohryz	Murphy	Pelowski
Begich	Jaros	Krueger	Nelson, C.	Peterson
Bertram	Jefferson	Larsen	Nelson, D.	Price
Brown	Jennings	Lasley	Nelson, K.	Quinn
Carlson, L.	Jensen	Lieder	Neuenschwander	Reding
Carruthers	Johnson, A.	Long	O'Connor	Rest
Clark	Johnson, R.	Marsh	Ogren	Riveness
Cooper	Kahn	McEachern	Olson, E.	Rodosovich
Dauner	Kalis	McKasy	Olson, K.	Rukavina

Sarna  
Scheid  
Schoenfeld  
Schreiber  
Seaberg

Segal  
Simoneau  
Skoglund  
Solberg  
Sparby

Steensma  
Tjornhom  
Trimble  
Tunheim  
Vanasek

Vellenga  
Voss  
Wagenius  
Welle  
Wenzel

Winter  
Wynia  
Spk. Norton

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

H. F. No. 1351, A bill for an act relating to natural resources; authorizing the taking of elk and amending related laws; authorizing compensation for certain crop damage caused by elk; appropriating money; amending Minnesota Statutes 1986, sections 97A.421, subdivision 6; 97A.431; 97A.465, subdivisions 1 and 3; 97A.471, subdivision 3; 97A.475, subdivision 2; 97A.525, subdivision 1; 97A.535; and 97B.201; proposing coding for new law in Minnesota Statutes, chapters 3 and 97B.

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 113 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Lieder	Ozment	Simoneau
Anderson, R.	Heap	Long	Pappas	Skoglund
Battaglia	Himle	McDonald	Pelowski	Solberg
Bauerly	Jacobs	McEachern	Peterson	Sparby
Beard	Jaros	McKasy	Price	Stanius
Begich	Jefferson	McLaughlin	Quinn	Steensma
Bennett	Jennings	McPherson	Quist	Swiggum
Bertram	Jensen	Miller	Redalen	Swenson
Blatz	Johnson, A.	Minne	Reding	Thiede
Boo	Johnson, R.	Morrison	Rest	Tompkins
Brown	Johnson, V.	Munger	Rice	Trimble
Burger	Kahn	Murphy	Richter	Tunheim
Carlson, D.	Kalis	Nelson, C.	Riveness	Uphus
Carlson, L.	Kelly	Nelson, D.	Rodosovich	Vanasek
Carruthers	Kelso	Nelson, K.	Rose	Vellenga
Clark	Kinkel	Neuenschwander	Rukavina	Voss
Cooper	Kludt	O'Connor	Sarna	Wagenius
Dauner	Knickerbocker	Ogren	Schafer	Wenzel
Dempsey	Knuth	Olson, E.	Schoenfeld	Winter
Dille	Kostohryz	Olson, K.	Schreiber	Wynia
Frederick	Krueger	Omann	Seaberg	Spk. Norton
Greenfield	Larsen	Omnen	Segal	
Gruenes	Lasley	Otis	Shaver	

Those who voted in the negative were:

Clausnitzer	Gutknecht	Milbert	Poppenhagen	Waltman
DeBlicke	Haukoos	Olsen, S.	Scheid	Welle
Forsythe	Hugoson	Osthoff	Tjornhom	
Frerichs	Marsh	Pauly	Valento	

The bill was passed and its title agreed to.

H. F. No. 1399, A bill for an act relating to economic development; authorizing certain entities involved in economic development to participate in secondary markets; authorizing the use of appropriated money for secondary market purposes; amending Minnesota Statutes 1986, sections 116M.04, by adding a subdivision; 116M.08, by adding a subdivision; 362A.03, by adding a subdivision; 458.192, by adding a subdivision; 458C.14, by adding a subdivision; and 462.445, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 109 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Heap	Lasley	Omann	Simoneau
Battaglia	Himle	Lieder	Onnen	Skoglund
Bauerly	Hugoson	Long	Otis	Sparby
Beard	Jacobs	Marsh	Ozment	Stanius
Begich	Jaros	McEachern	Pappas	Steensma
Bennett	Jefferson	McKasy	Pelowski	Sviggum
Bertram	Jennings	McLaughlin	Peterson	Swenson
Boo	Jensen	McPherson	Price	Tompkins
Brown	Johnson, A.	Milbert	Quinn	Trimble
Burger	Johnson, R.	Minne	Redalen	Tunheim
Carlson, D.	Johnson, V.	Morrison	Reding	Uphus
Carruthers	Kahn	Munger	Rest	Vanasek
Clark	Kalis	Murphy	Rice	Vellenga
Cooper	Kelly	Nelson, C.	Riveness	Voss
Dauner	Kelso	Nelson, D.	Rodosovich	Wagenius
DeBlieck	Kinkel	Nelson, K.	Rose	Waltman
Dempsey	Kludt	Neuenschwander	Rukavina	Welle
Dille	Knickerbocker	O'Connor	Sarna	Wenzel
Frederick	Knuth	Ogren	Schafer	Winter
Greenfield	Kostohryz	Olsen, S.	Schoenfeld	Wynia
Gruenes	Krueger	Olson, E.	Seaberg	Spk. Norton
Hartle	Larsen	Olson, K.	Segal	

Those who voted in the negative were:

Blatz	Gutknecht	Pauly	Scheid	Tjornhom
Clausnitzer	Haukoos	Poppenhagen	Schreiber	Valento
Forsythe	McDonald	Quist	Shaver	
Frerichs	Miller	Richter	Thiede	

The bill was passed and its title agreed to.

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

Carlson, D., was excused while in conference.

S. F. No. 51 was reported to the House.

## POINT OF ORDER

Thiede raised a point of order pursuant to rule 5.10 that S. F. No. 51 was not in order. Speaker pro tempore Long ruled the point of order not well taken and S. F. No. 51 in order.

## POINT OF ORDER

Thiede raised a point of order pursuant to section 240 of "Mason's Manual of Legislative Procedure" relating to the purpose of points of order. Speaker pro tempore Long deferred her decision on the Thiede point of order.

Vanasek pursuant to rule 5.10 announced that S. F. Nos. 90 and 51 and H. F. Nos. 1297, 899, 1095, 606, 523, 1499, 1645, 302 and 485 meet the requirements of the House Budget Resolution.

Greenfield moved to amend S. F. No. 51, the unofficial engrossment, as follows:

Page 2, line 20, delete "7" and insert "8"

Page 3, line 8, delete "hospice core services" and insert "a hospice program"

Page 4, line 17, delete "provider" and insert "provision"

Page 4, lines 18 and 19, delete "that is provided for a fee"

Pages 6 and 7, delete section 5 and insert:

"Sec. 5. [144A.45] [REGULATION OF HOME CARE SERVICES.]

Subdivision 1. [RULES.] The commissioner shall adopt rules for the regulation of home care providers pursuant to sections 3 to 8 and 14. The rules shall include the following:

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

(b) requirements that home care providers furnish the commissioner with specified information necessary to implement sections 3 to 8 and 14;

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



(d) standards of supervision by a registered nurse or other appropriate health care professionals of personnel providing home care services, which may vary according to the nature of the services provided or the health status of the consumer;

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

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

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

Subd. 2. [REGULATORY FUNCTIONS.] (a) The commissioner shall:

(1) evaluate, monitor, and license home care providers in accordance with sections 5 to 8 and 14;

(2) inspect the office and records of a provider during regular business hours, provided that when conducting routine office visits or inspections, the commissioner shall provide at least 48 hours advance notice to the home care provider;

(3) with the consent of the consumer, visit the home where services are being provided;

(4) issue correction orders and assess civil penalties in accordance with section 144.653, subdivisions 5 to 8; and

(5) take other action reasonably required to accomplish the purposes of sections 3 to 8 and 14.

(b) In the exercise of the authority granted in sections 3 to 8 and 14, the commissioner shall comply with the applicable requirements of section 144.122, the government data practices act, and the administrative procedure act.

Subd. 3. [ADVISORY TASK FORCE.] The commissioner of health shall establish and appoint a home care advisory task force consisting of 15 members representing the various kinds of home care providers, including a hospice program, health care professionals, community health services agencies, and consumers. The appointment, removal, and compensation of members is as provided in section 15.059, subdivision 6. The task force shall provide advice and

recommendations to the commissioner regarding the development of rules required by subdivision 1."

Page 9, line 24, delete "2" and insert "3"

Page 11, line 18, delete "Hospice core" and insert "Core"

Page 11, line 20, delete the period and insert "that are"

Page 11, line 21, delete "Hospice core services may be"

Page 11, line 30, delete "the immediate kin" and insert "relatives"

Page 11, line 31, delete "and other relatives"

Page 11, delete lines 34 to 36

Page 12, delete lines 1 to 7 and insert:

"(4) "Hospice program" means palliative and supportive care and other services provided by an interdisciplinary team under the direction of an identifiable hospice administration to terminally ill hospice patients and their families to meet the physical, nutritional, emotional, social, spiritual, and special needs experienced during the final stages of illness, dying, and bereavement, through a centrally coordinated program that ensures continuity and consistency of home and inpatient care provided directly or through an agreement."

Page 12, delete lines 10 to 12 and insert "hospice patients and their families, including, at a minimum, those individuals who are providers of core services;"

Page 12, line 14, delete the comma and insert "and"

Page 12, line 15, delete the comma

Page 12, delete lines 21 and 22

Page 13, after line 5, insert:

"(7) that volunteer services are provided by individuals who have completed a hospice training program and are qualified to provide the services;"

Renumber the remaining clauses

Page 21, line 19, after "services" insert " , \$191,000 to be available for the fiscal year ending June 30, 1988, and \$325,000"

The motion prevailed and the amendment was adopted.

Onnen moved to amend S. F. No. 51, the unofficial engrossment, as amended, as follows:

Page 4, after line 5, insert:

"(8) an employee of a nursing home licensed under chapter 144A who provides emergency services to individuals residing in an apartment unit attached to the nursing home;"

Remember the subsequent clauses

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Hugoson, Bishop and Krueger were excused for the remainder of today's session.

Onnen moved to amend S. F. No. 51, the unofficial engrossment, as amended, as follows:

Page 3, line 28, after "needs" insert a semicolon and delete to the end of the line

Page 3, delete line 29

A roll call was requested and properly seconded.

The question was taken on the Onnen amendment and the roll was called. There were 48 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	Morrison	Rose	Uphus
Blatz	Hartle	Olson, K.	Schafer	Valento
Boo	Haukoos	Omann	Schreiber	Waltman
Burger	Himle	Onnen	Seaberg	Wenzel
Carlson, D.	Jennings	Ozment	Shaver	
Clausnitzer	Johnson, V.	Pauly	Stanjus	
Dempsey	Kalis	Pelowski	Sviggum	
Forsythe	Marsh	Poppenhagen	Swenson	
Frederick	McDonald	Quist	Thiede	
Frerichs	McKasy	Redalen	Tjornhom	
Gruenes	McPherson	Richter	Tompkins	

## Those who voted in the negative were:

Anderson, G.	Jacobs	Lieder	Otis	Solberg
Battaglia	Jefferson	Long	Pappas	Sparby
Bauerly	Jensen	McEachern	Peterson	Steenma
Beard	Johnson, A.	McLaughlin	Price	Trimble
Begich	Johnson, R.	Milbert	Quinn	Tanheim
Bertram	Kahn	Minne	Rest	Vanasek
Brown	Kelly	Murphy	Rice	Vellenga
Carlson, L.	Kelso	Nelson, C.	Riveness	Voss
Carruthers	Kinkel	Nelson, K.	Rodosovich	Wagenius
Clark	Kludt	Neuenschwander	Rukavina	Welle
Cooper	Knickerbocker	O'Connor	Sarna	Winter
Dauner	Knuth	Ogren	Scheid	Wynia
DeBlicke	Kostohryz	Olsen, S.	Schoenfeld	Spk. Norton
Greenfield	Larsen	Olsen, E.	Segal	
Heap	Lasley	Osthoff	Skoglund	

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

Onnen moved to amend S. F. No. 51, the unofficial engrossment, as amended, as follows:

Page 3, line 28, after "is" insert "not"

Page 3, line 28, delete "primarily as a"

Page 3, line 29, delete "contribution and not"

A roll call was requested and properly seconded.

The question was taken on the Onnen amendment and the roll was called. There were 51 yeas and 70 nays as follows:

## Those who voted in the affirmative were:

Bennett	Forsythe	Knickerbocker	Pauly	Stanias
Blatz	Frederick	Marsh	Poppenhagen	Steenma
Boo	Frerichs	McDonald	Quist	Sviggum
Burger	Gruenes	McKasy	Redalen	Swenson
Carlson, D.	Gutknecht	McPherson	Richter	Thiede
Clausnitzer	Haukoos	Miller	Rose	Tjornhom
Cooper	Heap	Morrison	Schafer	Uphus
Dauner	Himle	Olsen, S.	Schreiber	Valento
DeBlicke	Johnson, V.	Omamm	Seaberg	Waltman
Dempsey	Kalis	Onnen	Shaver	Wenzel
				Winter

## Those who voted in the negative were:

Anderson, G.	Carlson, L.	Jensen	Kludt	McEachern
Battaglia	Carruthers	Johnson, A.	Knuth	McLaughlin
Bauerly	Clark	Johnson, R.	Kostohryz	Milbert
Beard	Greenfield	Kahn	Larsen	Minne
Begich	Hartle	Kelly	Lasley	Murphy
Bertram	Jacobs	Kelso	Lieder	Nelson, C.
Brown	Jefferson	Kinkel	Long	Nelson, D.

Nelson, K.	Ozment	Rest	Schoenfeld	Vanasek
Neuenschwander	Pappas	Rice	Segal	Vellenga
O'Connor	Pelowski	Riveness	Skoglund	Voss
Ogren	Peterson	Rodosovich	Solberg	Wagenius
Olson, E.	Price	Rukavina	Sparby	Welle
Olson, K.	Quinn	Sarna	Trimble	Wynia
Osthoff	Reding	Scheid	Tunheim	Spk. Norton

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

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

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; regulating hospice programs; appropriating money; amending Minnesota Statutes 1986, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53; 144A.54, subdivision 1; 256B.04, by adding a subdivision; 364.09; and 626.557, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144A.

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 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Kostohryz	Orenstein	Shaver
Battaglia	Gruenes	Larsen	Osthoff	Skoglund
Bauerly	Gutknecht	Lasley	Ozment	Solberg
Beard	Hartle	Lieder	Pappas	Sparby
Begich	Heap	Long	Pauly	Stanius
Bennett	Himle	McEachern	Pelowski	Steenasma
Bertram	Jacobs	McKasy	Peterson	Sviggum
Blatz	Jefferson	McLaughlin	Price	Swenson
Boo	Jennings	Milbert	Quinn	Tjornhom
Brown	Jensen	Minne	Reding	Tompkins
Burger	Johnson, A.	Murphy	Rest	Trimble
Carlson, L.	Johnson, R.	Nelson, C.	Rice	Tunheim
Carruthers	Johnson, V.	Nelson, D.	Riveness	Valento
Clark	Kahn	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kalis	Neuenschwander	Sarna	Vellenga
Cooper	Kelly	O'Connor	Schafer	Voss
Dauner	Kelso	Ogren	Scheid	Wagenius
DeBlicke	Kinkel	Olsen, S.	Schoenfeld	Waltman
Dille	Kludt	Olson, E.	Schreiber	Welle
Forsythe	Knickerbocker	Olson, K.	Seaberg	Wenzel
Frerichs	Knuth	Omann	Segal	Winter
				Wynia
				Spk. Norton

Those who voted in the negative were:

Frederick	McDonald	Poppenhagen	Richter
Haukoos	McPherson	Quist	Thiede
Marsh	Onnen	Redalen	Uphus

The bill was passed, as amended, and its title agreed to.

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

S. F. No. 735, A bill for an act relating to human services; providing for a statewide interpreter service for hearing impaired persons; altering membership on Minnesota council for the hearing impaired; amending Minnesota Statutes 1986, sections 256C.24, subdivisions 2 and 3; 256C.25, subdivisions 1 and 2; and 256C.28, 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. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Pauly	Sparby
Battaglia.	Hartle	Marsh	Pelowski	Stanius
Bauerly	Haukoos	McDonald	Peterson	Steensma
Beard	Heap	McEachern	Poppenhagen	Sviggum
Begich	Himle	McKasy	Price	Swenson
Bennett	Jacobs	McLaughlin	Quinn	Thiede
Bertram	Jaros	McPherson	Quist	Tjornhom
Blatz	Jefferson	Milbert	Redalen	Tompkins
Brown	Jennings	Minne	Reding	Trimble
Burger	Jensen	Morrison	Rest	Tunheim
Carlson, D.	Johnson, A.	Munger	Rice	Uphus
Carlson, L.	Johnson, R.	Murphy	Richter	Valento
Carruthers	Johnson, V.	Nelson, C.	Riveness	Vanasek
Clark	Kahn	Nelson, K.	Rodosovich	Vellenga
Clausnitzer	Kalis	Neuenschwander	Rukavina	Voss
Cooper	Kelly	O'Connor	Sarna	Wagenius
Dauner	Kelso	Ogren	Schafer	Waltman
DeBlicck	Kinkel	Olsen, S.	Scheid	Welle
Dempsey	Kludt	Olson, E.	Schoenfeld	Wenzel
Dille	Knickerbocker	Olson, K.	Schreiber	Winter
Forsythe	Knuth	Omann	Seaberg	Wynia
Frederick	Kostohryz	Onnen	Segal	Spk. Norton
Frerichs	Larsen	Osthoff	Shaver	
Greenfield	Lasley	Ozment	Skoglund	
Gruenes	Lieder	Pappas	Solberg	

The bill was passed and its title agreed to.

H. F. No. 606, A bill for an act relating to environment; establishing a petroleum tank release cleanup program; authorizing state

action to prevent or correct health and environmental damage resulting from releases from petroleum storage tanks; establishing a petroleum tank release cleanup fund; establishing a petroleum tank release compensation board; authorizing reimbursement from the fund; requiring rulemaking; providing for administration by the pollution control agency and the department of commerce; requiring certification of tank installers; appropriating money; amending Minnesota Statutes 1986, sections 116.46, by adding subdivisions; 116.47; and 116.48, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 115C; proposing coding for new law in Minnesota Statutes, chapter 116.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	Long	Otis	Shaver
Battaglia	Haukoos	Marsh	Ozment	Skoglund
Bauerly	Heap	McDonald	Pappas	Solberg
Beard	Himle	McEachern	Pauly	Sparby
Begich	Jacobs	McKasy	Pelowski	Stanius
Bennett	Jaros	McLaughlin	Peterson	Steensma
Bertram	Jefferson	McPherson	Poppenhagen	Sviggum
Blatz	Jennings	Milbert	Price	Swenson
Brown	Jensen	Minne	Quinn	Thiede
Burger	Johnson, A.	Morrison	Quist	Tjornhom
Carlson, L.	Johnson, R.	Munger	Reding	Tompkins
Carruthers	Johnson, V.	Murphy	Rest	Trimble
Clark	Kahn	Nelson, C.	Rice	Tunheim
Clausnitzer	Kalis	Nelson, D.	Richter	Uphus
Cooper	Kelly	Nelson, K.	Riveness	Valento
Dauner	Kelso	Neuenschwander	Rodosovich	Vanasek
DeBleeck	Kinkel	O'Connor	Rukavina	Vellenga
Dille	Kludd	Ogren	Sarna	Voss
Forsythe	Knickerbocker	Olsen, S.	Schafer	Wagenius
Frederick	Knuth	Olsen, E.	Scheid	Waltman
Frerichs	Kostohryz	Olsen, K.	Schoenfeld	Welle
Greenfield	Larsen	Omann	Schreiber	Wenzel
Gruenes	Lasley	Onnen	Seaberg	Winter
Gutknecht	Lieder	Osthoff	Segal	Wynia
				Spk. Norton

The bill was passed and its title agreed to.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

Vanasek 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

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 12, A bill for an act relating to retirement; increasing survivor benefits payable by the Virginia firefighters' relief association; authorizing payment to alternate beneficiaries if no spouse survives.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 549, A bill for an act relating to retirement; increasing survivor benefits payable by the Hibbing police and firefighters relief associations and service pensions for certain retired firefighters; amending Laws 1967, chapter 678, section 2, as amended; Laws 1977, chapter 169, section 1, subdivision 1a, as amended; and Laws 1971, chapter 614, section 1, subdivision 2, as amended.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 863, A bill for an act relating to waste control; appropriating money to reimburse Farmington for excess charges.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Appropriations.

The report was adopted.



Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 913, A bill for an act relating to workers' compensation; providing a general administrative reform; providing for certain proceedings to be expedited; providing penalties; amending Minnesota Statutes 1986, sections 14.48; 175.007, subdivision 1; 175.101, subdivision 2; 176.011, subdivisions 2, 6, 7a, 9, and by adding a subdivision; 176.041, subdivision 1, and by adding a subdivision; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, 6, 8, 10, and 13; 176.103, subdivisions 2 and 3; 176.111, subdivision 17; 176.133; 176.135, subdivisions 1, 1a, 2, 3, and by adding subdivisions; 176.136, subdivision 2; 176.1361; 176.139; 176.155, subdivisions 1, 3, and 5; 176.179; 176.185, by adding a subdivision; 176.191, subdivisions 1 and 2; 176.195, subdivision 3; 176.221, subdivisions 1, 3, and 7; 176.225, subdivisions 1 and 4; 176.231, subdivisions 2, 10, and by adding a subdivision; 176.271, subdivision 1; 176.275; 176.291; 176.301, subdivision 1; 176.305, subdivisions 1, 2, and by adding subdivisions; 176.306, subdivision 1, and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, subdivision 3, and by adding subdivisions; 176.351, subdivision 2a; 176.361, subdivisions 2, 5, and 7; 176.371; 176.411, subdivision 1; 176.421, subdivision 4, and by adding a subdivision; 176.442; 176.511, subdivisions 1, 2, and 3; 176.521; 176.541, subdivisions 2, 3, 4, and 6; 176.571, subdivisions 1 and 2; 176.572; 176.581; 176.591, subdivision 3; 176.603; 176.83, subdivisions 5, 7, and 11; 176.84; 176B.02; and 176B.05; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1986, sections 176.012; 176.101, subdivision 3v; 176.102, subdivision 6a; 176.103, subdivision 4; 176.136, subdivision 4; 176.195, subdivisions 4, 5, and 6; 176.241; 176.242; 176.2421; 176.243; 176.244; 176.271, subdivision 2; 176.501; 176.571, subdivisions 3, 4, 5, 6, and 7; and 176.602.

Reported the same back with the following amendments:

Page 2, after line 31, insert:

"Sec. 2. [60A.101] [SELF-INSURERS; DEPOSIT OF SECURITIES.]

Subdivision 1. [REQUIREMENT.] A workers' compensation self-insurer, except the state and its political subdivisions, as well as political subdivision self-insurance pools exempted by sections 471.98 to 471.982 must deposit securities or surety bonds acceptable to the commissioner of commerce of a value at least equal to:

(1) 110 percent of its total outstanding workers' compensation liability provided that the deposit shall be no less than the retention level selected with the workers' compensation reinsurance association, for an employer who has been self-insured for at least two years. The total outstanding workers' compensation liability in-

curred must be certified by an actuary who is a member of the casualty actuarial society one year after the date of authority to self-insure and every fourth year thereafter unless requested more frequently by the commissioner of commerce. Self-insurers authorized to self-insure on the effective date of this section must provide this actuarial certification of outstanding liabilities by July 1, 1988, or upon the anniversary of their authority to self-insure, whichever comes first; or

(2) the greater of the retention level selected with the workers' compensation reinsurance association, or 70 percent of the employer's estimated current modified premium as developed using the rates currently utilized by the Minnesota workers' compensation assigned risk plan for an employer who has been self-insured less than two years.

Subd. 2. [SURETY BOND FORM.] The bond shall be in the form as follows:

"KNOW ALL PERSONS BY THESE PRESENTS: That we, (entity to be bonded), of (location), (hereinafter called the "principal(s)"), as principal(s), and (bonding company name), a (name of state) corporation, of (location) (hereinafter called the "surety"), as surety, are held and firmly bound unto the commissioner of commerce of the STATE OF MINNESOTA for the use and benefit of the employees of the principal(s) and to pay workers' compensation obligations of the principal(s) in the sum of (amount in writing), for the payment of which well and truly to be made, the principal(s) bind themselves, their successors and assigns, and the surety binds itself and its successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with the provisions of Minnesota Statutes, section 176.181, the principal(s) has by written order of the commissioner of commerce of the state of Minnesota been exempted from insuring their liability for compensation according to the Minnesota workers' compensation act and have been permitted by order to self-insure all liability hereafter arising under the workers' compensation act.

NOW, THEREFORE, the condition of this obligation is such that if the principal(s) shall, according to the terms, provisions, and limitations of the Minnesota workers' compensation act, pay all of the principal's liabilities and obligations under the act, including all benefits as provided by the act, then this obligation shall be null and void, otherwise to remain in full force and effect subject, however, to the following terms and conditions.

(a) The liability of the surety is limited to the payment of all legal liabilities and obligations, including payment of compensation and medical benefits, provided by the workers' compensation act of

Minnesota which are payable by the principals for or on account of personal injuries or occupational diseases sustained during or attributable to the entire period that the bond is in effect, subject to cancellation, as provided in paragraphs (b) and (e). In no event shall the total liability of the surety exceed the penal amount of the bond.

(b) In the event of a default, whenever occurring, on the part of the principal(s) to abide by any award, order, or decision directing and awarding payment of such legal liabilities, obligations, or benefits to or on behalf of any employee or the dependents of any deceased employee, which occurred during the period this bond remains in force regardless of whether this bond has been canceled prior to the making of the claim or the award, order, or decision, the commissioner of commerce may, upon twenty-days notice to the surety and opportunity to be heard, require the surety to pay the amount of the award, order, or decision to be enforced in the same manner as an award may be enforced against said principal(s).

(c) Service on the surety shall be deemed to be service on the principals.

(d) This bond shall continue in force from year to year unless canceled as herein provided. However, the penal amount of the bond must be revised each year to comply with all statutory requirements and rules. Regardless of the number of years this bond remains in force or the number of annual premiums paid or payable, the total liability of the surety hereunder may not exceed the penal amount of the bond.

(e) This bond may be canceled at any time by the surety by giving 60-days notice in writing to the commissioner of commerce of the state of Minnesota at its offices in the city of St. Paul, Minnesota, and upon expiration of said 60 days, the liability of the surety hereunder shall cease, except as to liability incurred hereunder prior to the expiration of said 60 days, as set out in paragraph (a).

(f) This bond shall become effective at (time of day, month, day, year).

IN TESTIMONY WHEREOF, said principal(s) and said surety have caused this instrument to be signed by their respective duly-authorized officers and their corporate seals to be hereunto affixed this (day, month, year).

Signed, sealed, and delivered in the presence of:  
.....  
.....  
.....

Corporation Name  
By: .....  
Bonding Company Name ”  
By: .....

Subd. 3. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them.

“Control” means, with respect to a company or organization authorized to self-insure under Minnesota Statutes, section 176.181, and Minnesota Rules, parts 2780.0100 to 2780.9920:

(1) the ownership of, directly or indirectly, or acting through one or more other persons, control of or the power to vote, 25 percent or more of any class of voting securities; and

(2) control in any manner over the election of a majority of the directors.”

Page 12, after line 12, insert:

“Sec. 12. Minnesota Statutes 1986, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] If an employee who regularly performs the primary duties of employment outside of this state or is hired to perform the primary duties of employment outside of this state, receives an injury within this state in the employ of the same employer, such injury shall be covered within the provisions of this chapter if the employee chooses to forego any workers' compensation claim resulting from the injury that the employee may have a right to pursue in some other state, provided that the special compensation fund is not liable for payment of benefits pursuant to section 176.183 if the employer is not insured against workers' compensation liability pursuant to this chapter and the employee is a nonresident of Minnesota on the date of the personal injury.”

Page 25, after line 33, insert:

“Sec. 27. Minnesota Statutes 1986, section 176.129, subdivision 9, is amended to read:

Subd. 9. [POWERS OF FUND.] In addition to powers granted to the special compensation fund by this chapter the fund may do the following:

(a) sue and be sued in its own name;

(b) intervene in or commence an action under this chapter or any other law, including, but not limited to, intervention or action as a subrogee to the division's right in a third-party action, any proceeding under this chapter in which liability of the special compensation fund is an issue, or any proceeding which may result in other liability of the fund or to protect the legal right of the fund;

(c) enter into settlements including but not limited to structured, annuity purchase agreements with appropriate parties under this chapter;

(d) contract with another party to administer the special compensation fund; and

(e) take any other action which an insurer is permitted by law to take in operating within this chapter; and

(f) conduct a financial audit of indemnity claim payments and assessments reported to the fund. This may be contracted by the fund to a private auditing firm.

Sec. 28. Minnesota Statutes 1986, section 176.129, subdivision 11, is amended to read:

Subd. 11. [ADMINISTRATIVE PROVISIONS.] The accounting, investigation, and legal costs necessary for the administration of the programs financed by the special compensation fund shall be paid from the fund during each biennium commencing July 1, 1981. Staffing and expenditures related to the administration of the special compensation fund shall be approved through the regular budget and appropriations process. All sums recovered by the special compensation fund as a result of action under section 176.061, or recoveries of payments made by the special compensation fund under section 176.183 or 176.191 shall be credited to the special compensation fund.

Sec. 29. Minnesota Statutes 1986, section 176.129, subdivision 13, is amended to read:

Subd. 13. [EMPLOYER REPORTS.] All employers and insurers shall make reports to the commissioner as required for the proper administration of this section and ~~section~~ sections 176.131 and 176.132. Employers and insurers may not be reimbursed from the special compensation fund for any periods for which the employer has not properly filed reports as required by this section and made all payments due to the special compensation fund under subdivision 3.

Sec. 30. Minnesota Statutes 1986, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for

all compensation paid in excess of 52 weeks of monetary benefits and \$2,000 in medical expenses, subject to the following exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the monetary and medical expense limitations shall not apply and the employer is liable for the compensation, medical expense, and rehabilitation attributable to the permanent partial disability, and may be reimbursed from the special compensation fund only for compensation paid in excess of the disability the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

Sec. 31. Minnesota Statutes 1986, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

(a) Epilepsy,

(b) Diabetes,

(c) Hemophilia,

(d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,

(e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,

(f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,

(g) Residual disability from poliomyelitis,

(h) Cerebral Palsy,

(i) Multiple Sclerosis,

(j) Parkinson's disease,

(k) Cerebral vascular accident,

(l) Chronic Osteomyelitis,

(m) Muscular Dystrophy,

(n) Thrombophlebitis,

(o) Brain tumors,

(p) Pott's disease,

(q) Seizures,

(r) Cancer of the bone,

(s) Leukemia,

(t) Any other physical impairment resulting in a disability rating of at least ten percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

"Compensation" has the meaning defined in section 176.011;

"Employer" includes insurer;

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation."

Page 34, after line 33, insert:

"Sec. 46. Minnesota Statutes 1986, section 176.181, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO INSURE, PENALTY.] Any employer who fails to comply with the provisions of subdivision 2 to secure payment of compensation is liable to the state of Minnesota for a penalty of ~~\$100~~ \$750, if the number of uninsured employees is less than five and for a penalty of ~~\$400~~ \$1,500 if the number of such uninsured employees is five or more. If the commissioner determines that the failure to comply with the provisions of subdivision 2 was willful and deliberate, the employer shall be liable to the state of Minnesota for a penalty of ~~\$500~~ \$2,500, if the number of uninsured employees is less than five, and for a penalty of ~~\$2,000~~ \$5,000 if the number of uninsured employees is five or more. If the employer continues noncompliance, the employer is liable for five times the lawful premium for compensation insurance for such employer for the period the employer fails to comply with such provisions, commencing ten days after notice has been served upon the employer by the commissioner of the department of labor and industry by certified mail. These penalties may be recovered jointly or separately in a civil action brought in the name of the state by the attorney general in any court having jurisdiction. Whenever any such failure occurs the commissioner of the department of labor and industry shall immediately certify ~~the~~ that fact thereof to the attorney general. Upon receipt of such certification the attorney general shall forthwith commence and prosecute ~~such~~ the action. All penalties recovered by the state in any such action shall be paid into the state treasury and credited to the special compensation fund. If an employer fails to comply with the provisions of subdivision 2, to secure payment of compensation after having been notified of the employer's duty, the attorney general, upon request of the commissioner, may proceed against the employer in any court having jurisdiction for an order restraining the employer from having any person in employment at any time when the employer is not complying with the provisions of subdivision 2 or for an order compelling the employer to comply with subdivision 2.

Sec. 47. Minnesota Statutes 1986, section 176.182, is amended to read:

**176.182 [BUSINESS LICENSES OR PERMITS; COVERAGE REQUIRED.]**

Every state or local licensing agency shall withhold the issuance or renewal of a license or permit to operate a business in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2, by providing the name of the insurance company, the policy number, and dates of coverage or the permit to self-insure. The commissioner shall assess a penalty to the employer of \$1,000 payable to the special compensation fund, if the information is not reported or is falsely reported.

Neither the state nor any governmental subdivision of the state shall enter into any contract for the doing of any public work before



receiving from all other contracting parties acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2.

This section shall not be construed to create any liability on the part of the state or any governmental subdivision to pay workers' compensation benefits or to indemnify the special compensation fund, an employer, or insurer who pays workers' compensation benefits.

Sec. 48. Minnesota Statutes 1986, section 176.183, subdivision 1a, is amended to read:

Subd. 1a. When an employee or the employee's dependent is entitled to benefits under this chapter from a self-insurer, present or past, other than the state and its municipal subdivisions, but the self-insurer fails to pay the benefits, the employee or the employee's dependents, regardless of the date when the accident, personal injury, occupational disease, or death occurred, shall nevertheless receive the benefits from the special compensation fund. The commissioner has a cause of action against the self-insuring employer for reimbursement for all benefits and other expenditures paid out or to be paid out and, in the discretion of the court, the self-insurer is liable for punitive damages in an amount not to exceed 50 percent of the total of all benefits and other expenditures paid out or to be paid out. The commissioner shall institute an action to recover the total expenditures from the fund unless the commissioner determines that no recovery is possible. All proceeds recovered shall be deposited in the general special compensation fund.

By assumption of the obligations of a self-insured employer pursuant to this subdivision, the special compensation fund shall have the right to direct reimbursement under the same conditions and in the same amounts from the workers' compensation insurers reinsurance association and from any other agreement, contract, or insurance policies which would have reimbursed or indemnified the self-insured employer for payments made pursuant to this chapter.

Sec. 49. Minnesota Statutes 1986, section 176.183, subdivision 2, is amended to read:

Subd. 2. The commissioner of labor and industry, in accordance with the terms of the order awarding compensation, shall pay compensation to the employee or the employee's dependent from the special compensation fund. The commissioner of labor and industry shall certify to the commissioner of finance and to the legislature annually the total amount of compensation paid from the special compensation fund under subdivisions 1 and 1a. The commissioner of finance shall upon proper certification reimburse the special compensation fund from the general fund appropriation provided for this purpose. The amount reimbursed shall be limited to the

certified amount paid under this section or the appropriation made for this purpose, whichever is the lesser amount. Compensation paid under this section which is not reimbursed by the general fund shall remain a liability of the special compensation fund and shall be financed by the percentage assessed under section 176.131, subdivision 10 176.129.

Sec. 50. [176.184] [INSPECTIONS; ENFORCEMENT.]

Subdivision 1. [PROOF OF INSURANCE.] The commissioner of labor and industry, in order to carry out the purpose of section 176.181, may request satisfactory proof of authority to self-insure workers' compensation liability or satisfactory proof of insurance coverage for workers' compensation liability. If an employer does not provide satisfactory proof as requested within seven working days of the mailing of the request, the commissioner may proceed in accordance with the provisions of subdivisions 2 to 7.

Subd. 2. [AT PLACE OF EMPLOYMENT.] In order to carry out the purposes of section 176.181, the commissioner, upon presenting appropriate credentials to the owner, operator, or agent in charge, is authorized to enter without delay and at reasonable times any place of employment and to inspect and investigate during regular working hours and at other reasonable times, within reasonable limits, and in a reasonable manner, any records pertaining to that employer's workers' compensation insurance policy, number of employees, documents governing conditions and benefits of employment, contracts with employees and their authorized representatives, and any other documents which may be relevant to the enforcement of section 176.181 and to question privately any employer, owner, operator, agent, or employee with respect to matters relevant to the enforcement of section 176.181.

Subd. 3. [POWERS; COMMISSIONER AND DISTRICT COURT.] In making inspections and investigations under this chapter, the commissioner shall have the power to administer oaths, certify official acts, take and cause to be taken depositions of witnesses, issue subpoenas, and compel the attendance of witnesses and production of papers, books, documents, records, and testimony. In case of failure of any person to comply with any subpoena lawfully issued, or on the refusal of any witness to produce evidence or to testify to any matter regarding which the person may be lawfully interrogated, the district court shall, upon application of the commissioner, compel obedience in proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued by the court or a refusal to testify.

Subd. 4. [RIGHTS OF EMPLOYER AND EMPLOYEE REPRESENTATIVE.] A representative of the employer and a representative authorized by employees shall be given an opportunity to participate in any conference or discussion held prior to, during, or after any

inspection. Where there is no authorized employee representative, the commissioner shall consult with a reasonable number of employees. No employee as a consequence of aiding an inspection shall lose any privilege or payment that the employee would otherwise earn.

Subd. 5. [REQUEST FOR INVESTIGATION BY EMPLOYEE.] (a) Any employee or representative of an employee who believes that their employer is uninsured against workers' compensation liability, may request an inspection by giving notice to the commissioner of the belief and grounds for the belief. Any notice shall be written, shall set forth with reasonable particularity the grounds for the notice, and shall be signed by the employee or representative of employees. A copy of the notice shall be provided the employer, representative, or agent no later than the time of inspection, except that, upon the request of a person giving the notice, the employee's name and the names of individual employees referred to in the notice shall not appear in the copy or on any record published, released, or made available. If upon receipt of the notification the commissioner determines that reasonable grounds exist to believe that the employer is uninsured against workers' compensation liability, the commissioner shall make an inspection in accordance with this section as soon as practicable. If the commissioner determines that there are not reasonable grounds to believe that a violation exists, the commissioner shall so notify the employee or representative of employees in writing. Upon notification, the employee or the employee representative may request the commissioner to reconsider the determination. Upon receiving the request, the commissioner shall review the determination.

(b) The commissioner, upon receipt of a report of violation of the mandatory insurance provisions of sections 176.181 or 176.185 verified by review of the department's insurance registration records and other relevant information, shall initiate a preliminary investigation to determine if reasonable grounds exist to believe that the employer is uninsured against workers' compensation liability, and upon certification of reasonable belief that the employer is uninsured the commissioner shall make an inspection in accordance with paragraph (a).

Subd. 6. [ORDER PERMITTING ENTRY.] Upon the refusal of an owner, operator, or agent in charge to permit entry as specified in this section, the commissioner may apply for an order in the district court in the county which entry was refused, to compel the employer to permit the commissioner to enter and inspect the place of employment.

Subd. 7. [ADVANCE NOTICE.] Advance notice may not be authorized by the commissioner except:

(1) in circumstances where the inspection can most effectively be conducted after regular business hours or where special preparations are necessary for an inspection;

(2) where necessary to assure the presence of representatives of the employer and employees or the appropriate personnel needed to aid in the inspection; and

(3) in other circumstances where the commissioner determines that the giving of advance notice would enhance the probability of an effective and thorough inspection.

When advance notice is given to an employer, notice shall also be given by the commissioner to the authorized representative of employees if the identity of the representative is known to the employer."

Page 41, after line 30, insert:

"Sec. 60. Minnesota Statutes 1986, section 176.225, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF BOOKS AND RECORDS.] To determine whether an employer or insurer is liable for the payment provided by subdivision 1, the division, a compensation judge, or the workers' compensation court of appeals upon appeal may examine the books and records of the employer or insurer relating to the payment of compensation, and may require the employer or insurer to furnish any other information relating to the payment of compensation.

The right of the division to review the records of an employer or insurer includes the right of the special compensation fund to examine records for the proper administration of sections 176.129, 176.131, 176.132, 176.181, and 176.183. The special compensation fund may not review the records of the employer or insurer relating to a claim under section 176.131 until the special compensation fund has accepted liability under that section or a final determination of liability under that section has been made. The special compensation fund may withhold reimbursement to the employer or insurer under section 176.131 or 176.132 if the employer or insurer denies access to records requested for the proper administration of section 176.129, 176.131, 176.132, 176.181, or 176.183."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 8, after "1," insert "4,"

Page 1, line 11, after "17," insert "176.129, subdivisions 9, 11, and 13; 176.131, subdivisions 1 and 8;"

Page 1, line 14, after "176.179;" insert "176.181, subdivision 3; 176.182; 176.183, subdivisions 1a and 2;"

Page 1, line 17, after "176.225, subdivisions 1" insert ", 2,"

Page 1, line 32, delete "chapter" and insert "chapters 60A and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 944, A bill for an act relating to retirement; Minnesota state retirement system; teachers retirement association; first class city teachers retirement funds; authorizing early unreduced retirement under the rule of 90; amending Minnesota Statutes 1986, sections 352.116, by adding a subdivision; 354.44, subdivision 6; and 354A.31, subdivisions 5 and 6.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 1153, A bill for an act relating to retirement; Millerville volunteer firefighters relief association; authorizing the recognition of certain prior service in the computation of service pension amounts.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 1176, A bill for an act relating to retirement; authorizing the Mankato police benefit association to base certain postretirement increases on other increases granted.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 1459, A bill for an act relating to the town of Irondale; removing a town levy limitation; repealing Laws 1971, chapter 336.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 317, A bill for an act relating to retirement; police and salaried firefighters relief associations; authorizing the voluntary consolidation of local relief associations with the public employees police and fire fund; authorizing the individual election of applicable benefit coverage upon consolidation; amending Minnesota Statutes 1986, sections 353.01, subdivisions 2b, 10, and 16; 353.271; 353.64, subdivision 1; and 353.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 353 and 356; proposing coding for new law as Minnesota Statutes, chapters 353A and 353B.

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

The report was adopted.

Vanasek from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 1230, A bill for an act relating to the Minnesota state historical society; providing for preservation and interpretation of public areas of the state capitol; amending Minnesota Statutes 1986, section 138.67; proposing coding for new law in Minnesota Statutes, chapter 138.

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

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. Nos. 12, 549, 913, 944, 1153, 1176 and 1459 were read for the second time.

**SECOND READING OF SENATE BILLS**

S. F. Nos. 317 and 1230 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. 234, A bill for an act relating to employment; establishing unpaid leave of absences for new parents; setting conditions on return from leave; creating a cause of action; prohibiting cost of parental leave from increasing unemployment insurance experience rating; amending Minnesota Statutes 1986, section 268.06, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 181.

PATRICK E. FLAHAVEN, Secretary of the Senate

McLaughlin moved that the House refuse to concur in the Senate amendments to H. F. No. 234, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 478 and 806.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 478, A bill for an act relating to insurance; requiring notification of group life or health coverage changes; eliminating mandatory temporary insurance agent licenses; requiring those who solicit insurance to act as agent for the insured; regulating surplus lines insurance; regulating rates and forms; regulating insurance plan administrators; regulating trust funds; regulating the renewal, nonrenewal, and cancellation of commercial liability and property insurance policies; authorizing employers to jointly self-insure for property or casualty liability and regulating these plans; providing continued group life coverage upon termination or layoff; providing for the establishment and operation of the insurance guaranty association and the life and health guaranty association; regulating accident and health insurance; regulating joint self-insurance employee health plans; requiring the treatment of pregnancy-related conditions in the same manner as other illnesses; mandating certain coverages; clarifying coverage for handicapped dependents; providing continued group accident and health coverage upon termination or layoff; requiring coverage of current spouse and children; imposing surety bond or securities requirements on certain health benefit plans; regulating Medicare supplement plan premium refunds; authorizing the renewal of certain long-term health policies; providing for the establishment and operation of the comprehensive health association and the joint underwriting association; providing comprehensive health insurance coverage for certain employees not eligible for Medicare; regulating fraternal benefit associations; regulating automobile insurance; providing for exemption from certain legal process of cash value, proceeds, or benefits under certain life insurance or annuity contracts; limiting the cancellation of fire insurance binders and policies; providing for administration of the FAIR plan; requiring accident prevention course premium reductions; limiting the grounds for cancellation or reduction in limits during the policy period; providing for the priority of security for payment of basic economic loss benefits; extending basic economic loss benefit protection; requiring coverages for former spouses; specifying membership on the assigned claims bureau; extending no-fault benefits to pedestrians who are struck by motorcycles; regulating township mutual insurance companies; providing for mandatory arbitration of certain claims; establishing a demonstration project to provide medical insurance to certain low income persons; requiring the commissioner to set rates for cooperative housing and neighborhood real estate trust insurance; authorizing investments in certain insurers; regulating trade practices; requiring life and health insurers to substantiate the underwriting standards they use; providing assigned risk plan coverage for certain vehicles used by the handicapped; regulating motor vehicle repairs; regulating certain self-insurance by political subdivisions; granting immunity from liability for volunteer coaches, managers, and officials; clarifying the statute of limitations applicable to actions regarding manufacturers or suppliers of material containing asbes-



tos; modifying discounting of future damages; prescribing penalties; amending Minnesota Statutes 1986, sections 16A.133, subdivision 1; 45.024, subdivision 2; 60A.17, subdivisions 1a, 2c, 11, and 13; 60A.1701, subdivisions 7, and 8; 60A.196; 60A.197; 60A.198, subdivision 3; 60A.23, subdivision 8; 60A.29, subdivisions 2, 5, and 16, and by adding subdivisions; 60A.30; 60A.31; 60B.44, subdivisions 1, 4, 5, and 9; 60C.08, subdivision 1; 60C.09; 60C.12; 61A.28, subdivision 12; 61B.05, subdivision 1; 61B.09; 62A.041; 62A.043, by adding a subdivision; 62A.141; 62A.146; 62A.152, subdivision 2; 62A.17; 62A.21; 62A.27; 62A.31, subdivision 1a; 62A.43, subdivision 2, and by adding a subdivision; 62A.46, by adding a subdivision; 62A.48, subdivisions 1, 2, 6, and by adding a subdivision; 62A.50, subdivision 3; 62D.05, by adding a subdivision; 62D.102; 62E.06, subdivision 1; 62E.10, subdivision 2, and by adding subdivisions; 62E.14, by adding a subdivision; 62F.041, subdivision 2; 62F.06, subdivision 1; 62H.01; 62H.02; 62H.04; 62I.02, subdivisions 1, and 3, and by adding a subdivision; 62I.03, subdivision 5; 62I.04; 62I.12, subdivision 1; 62I.13, by adding a subdivision; 62I.16, subdivision 3; 62I.22, subdivision 2, and by adding a subdivision; 64B.11, subdivision 4; 64B.18; 64B.27; 65A.01, subdivision 3a; 65A.03, subdivision 1; 65A.10; 65A.29, by adding a subdivision; 65A.35, subdivision 5; 65A.39; 65B.03, subdivision 1; 65B.12; 65B.1311; 65B.16; 65B.21, subdivision 2; 65B.28; 65B.46; 65B.49, by adding a subdivision; 65B.525, subdivision 1; 65B.63, subdivision 1; 67A.05, subdivision 2; 67A.06; 67A.231; 70A.06, by adding a subdivision; 70A.08, subdivision 3; 72A.20, subdivisions 11, 17, and by adding subdivisions; 72A.31, subdivision 1; 169.045, subdivision 1, and by adding a subdivision; 471.98, subdivision 2; 604.07, subdivisions 2, 3, 4, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 60A; 61A; 62A; 62E; 65A; 65B; 72A; 256B; 541; and 604; proposing coding for new law as Minnesota Statutes, chapter 60E; repealing Minnesota Statutes 1986, sections 62A.12; and 67A.43, subdivision 3; and Minnesota Rules, parts 2700.2400 to 2700.2440.

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

S. F. No. 806, A bill for an act relating to agriculture; amending the rural relief act; allowing an additional method to sell defaulted family farm security property; authorizing rural finance authority participation in a beginning farmer program; providing a homestead redemption loan program; amending duties and powers of the rural finance authority; amending and clarifying the right of farmers who have been foreclosed by corporations to receive an offer to purchase or lease the farm; clarifying procedures to be used by a corporation offering a farm to a preceding former owner; voiding a waiver of statutory rights of a debtor as a condition for an agricultural production loan; voiding a waiver of mediation, right of first refusal, and mortgage rights of a debtor; providing penalties for persons who enforce voided waivers; amending notification procedures to desig-

nate a separate homestead after foreclosure; providing notification and designation of separate tracts of agricultural land after foreclosure; reactivating the agricultural data collection task force; restricting the use of the Minnesota grown labeling; providing a penalty for unauthorized use of the Minnesota grown label; extending the deadline for pilot counties to submit agricultural land preservation plans and controls; increasing a certain portion of fees for recording and registering mortgages and deeds that are deposited into the Minnesota conservation fund; allowing reimbursement to the Minnesota conservation fund from the general fund under certain conditions; allowing certain commercial and industrial use of metropolitan agricultural preserves; establishing a program and policy for agricultural commodities utilization and diversification; providing for agricultural trade promotion; providing an exception to the corporate land ownership law; appropriating money; amending Minnesota Statutes 1986, sections 17.03, by adding subdivisions; 17.101, subdivision 1; 17.102; 17.103; 40A.03, subdivision 2; 40A.152, subdivisions 1 and 2; 41.56, subdivision 4; 41B.01, subdivision 2; 41B.02, subdivisions 4, 5, 6, 9, 11, 13, 14, and 15; 41B.03; 41B.035, subdivision 5, and by adding a subdivision; 41B.04, subdivisions 7, 8, 9, 10, 11, and 12; 41B.05; 41B.08, subdivision 4; 41B.12; 41B.19, subdivisions 5 and 6; 473H.10, subdivision 3; 473H.17, subdivisions 1 and 2, and by adding a subdivision; 500.24, subdivisions 2 and 6, and by adding a subdivision; 582.041, subdivisions 1, 2, 3, and 5; Laws 1985, chapter 19, section 6, subdivision 6, as amended; proposing coding for new law in Minnesota Statutes, chapters 17, 41, 41B, 116J, 236A, 550, and 582; repealing Minnesota Statutes 1986, sections 17.03, subdivision 5; 41B.02, subdivision 17; 41B.035, subdivision 4; 41B.04, subdivisions 6, 13, 14, 15, and 16.

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

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1622:

Orenstein, Kelly and Seaberg.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1261:

DeBlicek, Morrison and Jefferson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1304:

Milbert, Quinn and Bishop.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 911:

Rukavina, Olsen, S., and Minne.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1073:

O'Connor, Begich and Tjornhom.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1209:

Wagenius, Orenstein and Bishop.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1374:

Simoneau, Rukavina and Morrison.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 234:

McLaughlin, Rest and Blatz.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 841:

Carruthers, Jacobs and McKasy.

## MOTIONS AND RESOLUTIONS

Wenzel introduced:

House Concurrent Resolution No. 10, A House concurrent resolution saluting the 60th anniversary of Charles A. Lindbergh's solo nonstop flight from New York to Paris in the Spirit of St. Louis.

## SUSPENSION OF RULES

Wenzel moved that the rules be so far suspended that House Concurrent Resolution No. 10 be now considered and be placed upon its adoption. The motion prevailed.

## HOUSE CONCURRENT RESOLUTION NO. 10

A House concurrent resolution saluting the 60th anniversary of Charles A. Lindbergh's solo nonstop flight from New York to Paris in the Spirit of St. Louis.

*Whereas*, Charles Lindbergh, a son of this state, became one of the world's greatest heroes through his aviation exploits; and

*Whereas*, this 25-year-old citizen of Little Falls, Minnesota, on May 20-21, 1927, with courage and vision, successfully completed the first solo nonstop crossing of the Atlantic Ocean in 33½ hours in the Spirit of St. Louis; and

*Whereas*, it was an achievement that electrified the world, and gained for the first time recognition of the international potential of flight; and

*Whereas*, the United States of America, its Congress, and President Calvin Coolidge joyously welcomed Charles Lindbergh home where he was awarded the first Distinguished Flying Cross in our country's history; and

*Whereas*, the valiant Minnesotan in the summer and fall of 1927 made an air tour of 82 cities coast to coast in the Spirit of St. Louis, including triumphal homecomings to Little Falls and the Twin Cities of Minneapolis and St. Paul to popularize aviation and to demonstrate the feasibility of commercial aviation; and

*Whereas*, Charles and Anne Morrow Lindbergh made hazardous exploratory flights to the Orient, Europe, Africa, and South America to establish international airline routes; and

*Whereas*, Charles Lindbergh, whose many interests were nurtured on the banks of the Mississippi River in Little Falls, Minnesota, went on to achieve notable successes in the fields of science and technology and as a Pulitzer prize-winning author; and

*Whereas*, through the Charles A. Lindbergh Fund, a nonprofit foundation headquartered in Minnesota, grants are made in the amount of \$10,580, the cost of the Spirit of St. Louis, to individuals who in their scientific endeavors pursue Lindbergh's philosophy of balancing the advance of technology with preservation of the environment; and

*Whereas*, Minnesota honors its famous son with the sculpture, "Charles Lindbergh, The Man and the Boy," on the Capitol approach, with the Lindbergh Terminal at Minneapolis-St. Paul International Airport, and with the restored Lindbergh Home and the Lindbergh Interpretive Center at Little Falls; *Now, Therefore,*

*Be It Resolved* by the House of Representatives of the State of Minnesota, the Senate concurring, that it officially recognizes the 60th anniversary of the epic flight of Charles Lindbergh in the Spirit of St. Louis and pays tribute to a hero son whose heritage is forever indelible in our history and whose legacy is the vitally important work being carried on throughout the world by those who believe in his vision and ideals.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is hereby directed to prepare enrolled copies of this resolution, to be authenticated by his signature and those of the Speaker, the Secretary of the Senate, and the Chairman of the Senate Rules and Administration Committee, and that they be presented to Anne Morrow Lindbergh and the Lindbergh Interpretive Center.

Wenzel moved that House Concurrent Resolution No. 10 be now adopted. The motion prevailed and House Concurrent Resolution No. 10 was adopted.

#### PROTEST AND DISSENT

On May 11, 1987, the Speaker of this body ruled a report from a minority of the members of the appropriations committee to be non-germane. The recommendation of the minority in the form of a minority report has never been so treated in the history of this institution.

The ruling was made in an arbitrary exercise of the power of the chair. It was made in violation of those authorities historically governing legislative conduct within this body. It was without precedent within the custom and usage of this body.

The purpose for the institutional abuse is clear. The Speaker violated both rule and tradition for simple political expedience. During the course of the session, the majority has repeatedly demanded that the minority come forward with responsible alternatives. It is the height of hypocrisy for the Speaker to endorse those demands and then bar discussion on just such an alternative.

Pursuant to Article IV, Section 11, of the Minnesota Constitution, We the undersigned members individually and on behalf of all minority members register our protest, and dissent from the decision of the Speaker of this body to break from tradition and disallow discussion of a minority report. We submit, as an element of the protest, the text of the minority report censored by action of the Speaker.

## MINORITY REPORT

May 9, 1987

We, the undersigned, being a minority of the Committee on Appropriations recommend that S. F. No. 1 pass with the following amendments:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

## RURAL DEVELOPMENT

## Section 1. [120.86] [MILK PROGRAM.]

Subdivision 1. [LEGISLATIVE INTENT.] The legislature finds that it is helpful to the health and well-being of the school children in the state that they receive a minimum amount of milk. The purpose of this section is to assure that school districts will be able to provide milk to all children attending school in the state.

Subd. 2. [ESTABLISHMENT.] Each common, independent, and special school district choosing to participate in this program shall provide one-half pint of milk on each school day to all elementary and secondary pupils attending a public or nonpublic school in the district. No child is required to accept the milk that is provided by the district.

Subd. 3. [REIMBURSEMENT.] The department of education shall reimburse school districts for one-half of the cost of providing milk under subdivision 2, except that school districts located wholly or partly within rural economic protection zones, as defined in section 2, must be reimbursed for the entire cost of providing milk under subdivision 2. The commissioner of education shall establish procedures and application forms for reimbursement.

**Sec. 2. [124A.029] [RURAL ECONOMIC PROTECTION ZONE; VALUATION REDUCTION FOR SCHOOL PURPOSES.]**

Subdivision 1. [ZONE CREATED.] The rural economic protection zone is created. The zone consists of all counties constituting distressed counties for purposes of section 297A.257, subdivision 1.

Subd. 2. [REDUCED ADJUSTED ASSESSED VALUATION.] Notwithstanding section 124A.02, subdivision 3a, the adjusted assessed valuation of all property in a school district shall be reduced by ten percent if at least 50 percent of the assessed valuation of

taxable property in the school district is located in a county included in the rural economic protection zone. The resulting amount is the reduced adjusted assessed valuation of the school district. The reduced adjusted assessed valuation shall be used only for the purposes provided in this section. The adjusted assessed valuation under section 124A.02, subdivision 3a, shall be used to determine the basic maintenance mill rate under section 124A.03, subdivision 1a, and the school district's basic maintenance levy under section 124A.03, subdivision 1.

Subd. 3. [COUNTY AUDITOR; DETERMINATION OF TAX.] The department of education shall certify to the county auditor a reduced basic maintenance levy at the time the basic maintenance levy under section 124A.03, subdivision 1, is certified. The reduced basic maintenance levy is the basic maintenance mill rate times the reduced adjusted assessed valuation of the school district. The county auditor shall use the reduced basic maintenance levy when extending the taxes against property in the school district.

Subd. 4. [REIMBURSEMENT.] The commissioner of education shall reimburse school districts for the amount of the reduction under subdivision 3. The amount of the reimbursement is the difference between the basic maintenance levy and the reduced basic maintenance levy. Payment shall be made according to section 124.195, subdivisions 6 and 10.

Subd. 5. [RURAL ECONOMIC PROTECTION FUND.] The rural economic protection fund is created. The fund consists of the amount of the reduction in local government aid distribution under section 477A.013, subdivision 4. The amount in the rural economic protection fund is annually appropriated to the commissioner of education to make the reimbursement in subdivision 4. If the amount in the rural economic protection fund is insufficient to pay the reimbursement in subdivision 4, the amount necessary to pay the reimbursement is annually appropriated from the general fund to the commissioner of education.

### Sec. 3. [161.066] [ALLOCATION OF FUNDS.]

In allocating funds for highway purposes originating from the highway user tax distribution fund, the commissioner of transportation or other authority must give priority to projects pending in the rural economic protection zone.

Sec. 4. Minnesota Statutes 1986, section 177.24, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] (a) Except as provided in paragraph (b) beginning January 1, 1982, except as otherwise provided in sections 177.21 to 177.35, every employer must pay each employee who is 18 years of age or older wages at a rate of at least \$3.35 an hour and

must pay each employee under 18 wages at a rate of at least \$3.02 an hour.

(b) A county board of a county within a rural economic protection zone as defined in section 2 may by resolution establish the minimum wage for jobs in that county at either the state or federal minimum wage. The board may change the established wage once every six months.

Sec. 5. Minnesota Statutes 1986, section 268.06, is amended by adding a subdivision to read:

Subd. 8a. [RURAL ECONOMIC PROTECTION ZONE EMPLOYEES.] An employer's contribution rate is reduced by ten percent for those contributions based on wages paid to employees whose jobs are located in a rural economic protection zone as defined in section 2.

Sec. 6. Minnesota Statutes 1986, section 268.06, is amended by adding a subdivision to read:

Subd. 8b. [SURTAX, CITIES OF FIRST CLASS, JOBS.] An employer's contribution rate is increased by five percent for those contributions based on wages paid to employees whose jobs are located in a city of the first class if the unemployment rate for that city is below the statewide unemployment rate. The increase in rate applies despite any applicable maximum contribution rate otherwise established by law.

Sec. 7. Minnesota Statutes 1986, section 297A.257, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION OF DISTRESSED COUNTIES.]

(a) The commissioner of energy and economic development revenue shall annually on June 1 designate those counties which are distressed. A county is distressed if it satisfies either any of the following two criteria:

(1) The county has an average unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; or

(2) the unemployment rate for the entire county was greater than 110 percent of the state average for the 12-month period ending the previous April 30, and 20 percent or more of the county's economy, as determined by the commissioner of jobs and training, is dependent upon agriculture; or

(3) at least 25 percent of all employment within a county is "farm employment." For purposes of this clause, "farm employment" consists of self-employed farmers and their employees. In making the



designation under this clause, the commissioner must use the most recent data available from the United States Department of Commerce, Bureau of Economic Analysis.

If, as a result of a plant closing, layoffs or another similar event affecting a significant number of employees in the county, the commissioner has reason to believe that the average unemployment in the county will exceed ten percent during the one-year period beginning April 30, the commissioner may designate the county as distressed, notwithstanding clause (1).

(b) The commissioner shall designate a portion of a county containing a city of the first class located outside of the metropolitan area as a distressed county if:

(1) that portion of the county has an unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; and

(2) that portion of the county has a population of at least 50,000 as determined by the 1980 federal census.

(c) A county or the portion of a county designated pursuant to this subdivision shall be considered a distressed county for purposes of this section and chapter 116M.

(d) Except as otherwise specifically provided, the determination of whether a county is distressed must be made using the most current data available from the state demographer. The designation of a distressed county is effective for the 12-month period beginning July 1. A county may be designated as distressed as often as it qualifies.

(e) The authority to designate counties as distressed expires on June 30, 1989.

Sec. 8. Minnesota Statutes 1986, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] Notwithstanding any law enacted before or after the date of final enactment of this act, the proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, or between July 1, 1985, and June 30, ~~1987~~ 1986, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, 1985, and 18.75 percent of the proceeds collected after

June 30, 1986, and before July 1, 1987, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) Except as provided in paragraph (f), 37.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 12.5 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) Except as provided in paragraph (f), 56.25 percent of the proceeds collected after June 30, 1989, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 18.75 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) Except as provided in paragraph (f), 75 percent of the proceeds collected after June 30, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) The distributions under paragraphs (c), (d), and (e) to the highway user tax distribution fund shall be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1.

Sec. 9. Minnesota Statutes 1986, section 477A.013, is amended by adding a subdivision to read:

Subd. 4. [REDUCTION FOR CERTAIN CITIES.] The local government aid distribution for a city with more than \$100,000,000 in "captured assessed value" as defined in section 273.73, subdivision 4, within its taxing jurisdiction, must be reduced by 15 percent from the amount it would otherwise receive in a year.

Sec. 10. [373.41] [AGRICULTURAL LOANS]

A county in a rural economic protection zone, as defined in section 2, or a county where a financial institution has failed during the

preceding two years may establish a revolving loan fund to assist borrowers from failed financial institutions to make a transition to a new commercial lending institution. The county may make loans from the fund to enable borrowers to maintain agricultural production or business services at the level that existed before the failure. The county may require whatever records it deems appropriate to be provided as a condition of a loan. A loan may not extend for more than two years. A loan may not be used to acquire real estate. A loan may be used to make scheduled payments on debt secured by real property but not accelerated or balloon payments.

The county may use any available federal, state, or private funds to provide money for the revolving loan fund. It may use any county power individually or in cooperation with any other local government unit to carry out the provisions of this section. No more than five percent of the principal amount of the fund may be used for administrative expenses in a year. Interest rates on the loans shall be at a rate comparable to that charged by commercial lending institutions.

A county that establishes a fund and program under this section must adopt a system for the administration of the fund and program that is approved by the state auditor before the fund is established.

#### Sec. 11. [116J.4011] [ADMINISTRATION OF SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT]

Subdivision 1. [RURAL DEVELOPMENT FUND CREATED; APPROPRIATION.] The rural development fund is created as a special revenue account in the state treasury. The fund shall consist of one-half of the federal money received annually under the provisions of the Housing and Community Development Act of 1974, as amended, and all of the repayment funds received annually from statutory and home rule charter cities, counties, and towns receiving economic development assistance from the fund. The fund shall be expended only for economic development activities authorized under the Housing and Community Development Act of 1974, as amended, and the contents of the fund are continually appropriated to the director for those purposes. No less than one-half of the amount encumbered within a biennium shall be for economic development activities within rural economic protection zones as defined in section 2. Cities, counties, and towns receiving economic development assistance money from the fund shall repay to the fund any assistance received according to the rules adopted by the director of the state planning agency.

Subd. 2. [EMERGENCY RULEMAKING AUTHORITY.] The commissioner of economic development may adopt emergency rules under chapter 14 to implement this section.

#### Sec. 12. [TRANSFER OF FUNDS.]

On or before June 30, 1987, the commissioner of finance shall transfer the amount specified for transfer under section 8 for fiscal year 1987 from the general fund to the highway user tax distribution fund and the transit assistance fund.

Sec. 13. [APPROPRIATION.]

\$1,500,000 in fiscal year 1988 and \$1,500,000 in fiscal year 1989 are appropriated from the general fund to the department of education to reimburse school districts under section 1 for providing milk to Minnesota school children.

Sec. 14. [EFFECTIVE DATE.]

Section 2 is effective for taxes levied in 1987 and thereafter. Sections 3 and 10 are effective the day after final enactment. Section 7 is effective for counties designated as distressed on June 1, 1987 and thereafter. Section 9 is effective for distributions made July 15, 1987 and thereafter. Section 12 is effective the day after final enactment.

ARTICLE 2

INSURANCE

Section 1. Minnesota Statutes 1986, section 62E.52, subdivision 2, is amended to read:

Subd. 2. "Eligible person" means any person who is a resident of Minnesota and who, while a resident of Minnesota, has been found by the commissioner to have incurred an obligation to pay:

(1) qualified medical expenses for that person and any dependents in any 12 consecutive months exceeding:

(a) ~~40~~ <sup>25</sup> percent of household income up to \$15,000, plus 50 percent of household income between ~~\$15,000~~ <sup>\$20,000</sup> and ~~\$25,000~~ <sup>\$30,000</sup>, plus ~~60~~ <sup>50</sup> percent of household income in excess of ~~\$25,000~~ <sup>\$30,000</sup>; or

(b) ~~\$2,500~~ <sup>\$3,000</sup>, whichever is greater; or

(2) qualified nursing home expenses for that person and any dependents in any 12 consecutive months exceeding 20 percent of household income.

Sec. 2. Minnesota Statutes 1986, section 62E.52, subdivision 3, is amended to read:

Subd. 3. "Qualified medical expense" means any charge incurred subsequent to July 1, 1977 1987, and within 18 months prior to application for coverage under sections 62E.51 to 62E.55 for a health service which is included in the list of covered services described in section 62E.06, subdivision 1, and for which no third party is liable. Expenses related to organ transplants or other experimental procedures must not be considered qualified medical expenses for purposes of sections 62E.51 to 62E.55.

Sec. 3. Minnesota Statutes 1986, section 62E.52, subdivision 7, is amended to read:

Subd. 7. "Commissioner" means the commissioner of human services commerce or the commissioner's designated representative.

Sec. 4. Minnesota Statutes 1986, section 62E.52, is amended by adding a subdivision to read:

Subd. 9. "Financial need" means the demonstrated need of the applicant for financial assistance to meet the reasonable costs of qualified medical expenses as determined from financial information on the applicant by the uniform methodology used by the higher education coordinating board for purposes of the state grant-in-aid program or similar determination of an applicant's ability to pay which takes into consideration both income and assets. In no instance shall an applicant pay less than \$3,000.

Sec. 5. Minnesota Statutes 1986, section 62E.53, subdivision 1, is amended to read:

Subdivision 1. All persons who believe that they are or will become an eligible person may submit an application for state assistance to the commissioner. Applications may be obtained from the business office of any licensed acute care hospital in Minnesota. The application shall include a listing of expenses incurred prior to the date of the application and shall designate the date on which the 12 month period for computing expenses began. No applicant seeking assistance under sections 62E.51 to 62E.55 may list as an expense in the application any income spent in order to become eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D. Insurance premiums may be included in the expenses used in determination of eligibility under this section.

Sec. 6. Minnesota Statutes 1986, section 62E.53, subdivision 2, is amended to read:

Subd. 2. If the commissioner determines that an applicant is an eligible person, the commissioner shall pay

(1) 90 percent of all qualified expenses of the eligible person and dependents in excess of:

(a) 40 percent of household income under \$15,000, plus 50 percent of household income between \$15,000 and \$25,000, plus 60 percent of household income in excess of \$25,000; or

(b) \$2,500;

whichever is greater for which the commissioner can demonstrate a financial need as defined in section 62E.52 for the 12-month period in which the applicant becomes an eligible person and

(2) all qualified nursing home expenses of the eligible person and dependents in excess of 20 percent of household income. Provided, however, that the payment of qualified nursing home expenses shall not be made until the end of the fiscal year. If the appropriation for the payment of qualified nursing home expenses is inadequate to pay all qualified nursing home expenses, the commissioner shall prorate the payments among all eligible persons in proportion to their share of the total of the qualified nursing home expenses of all eligible persons.

Sec. 7. Minnesota Statutes 1986, section 62E.53, subdivision 3, is amended to read:

Subd. 3. The commissioner shall by rule establish procedures may contract with insurers and others for administrative services and for determining whether and to what extent qualified expenses are reasonable charges. Unless otherwise provided for by rule charges shall be reviewed for reasonableness by the same procedures used to review and limit reimbursement under the provisions of chapter 256B. If the commissioner determines that the charge for a health service is excessive, the commissioner may limit payment to the reasonable charge for that service. If the commissioner determines that a health service provided to an eligible person was not medically necessary, the commissioner may refuse to pay for the service. The commissioner may contract with a review organization as defined in section 145.61, in making any determinations as to whether or not a charge is excessive and in making any determination as to whether or not a service was medically necessary. If the commissioner in accordance with this section refuses to pay all or a part of the charge for a health service, the unpaid portion of the charge shall be deemed to be an unconscionable fee, against the public policy of this state, and unenforceable in any action brought for the recovery of moneys owed.

Sec. 8. Minnesota Statutes 1986, section 62E.53, subdivision 4, is amended to read:

Subd. 4. No applicant shall be eligible for state assistance under sections 62E.51 to 62E.55 unless the applicant has authorized the commissioner of human services commerce in writing to examine all personal medical records developed while the applicant received the medical care for which state assistance is sought. The commissioner shall use the medical records only for the purpose of investigating whether or not a health services vendor has submitted a claim for reimbursement, a cost report or a rate application which the vendor knows to be false in whole or in part, or in order to determine whether or not the medical care provided to the applicant was medically necessary. This written authorization shall be presented to the vendor of medical care before the commissioner gains access to the records. The vendor of medical care shall receive notification from the commissioner at least 24 hours before the commissioner gains access to such records. Notwithstanding any other law to the contrary, a vendor of medical care shall not be subject to any civil or criminal liability for providing access to medical records to the commissioner pursuant to this subdivision.

Sec. 9. Minnesota Statutes 1986, section 62E.531, subdivision 1, is amended to read:

Subdivision 1. When the commissioner pays for or becomes liable for payments for health services under the provisions of sections 62E.51 to 62E.55, the department of human services commerce shall have a lien for payments and liabilities for the services upon any and all causes of action, including actions under the workers' compensation act of this state which accrue to the person to whom the services were furnished, or to the person's legal representatives, as a result of injuries which directly or indirectly led to the incurring of qualified expenses.

The department may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70, and 514.71, except that it shall have one year from the date when the last item of health service was furnished in which to file its verified lien statement. The statement shall be filed with the appropriate court administrator in the county in which the recipient of the services resides or in the county in which the action was filed.

Sec. 10. Minnesota Statutes 1986, section 62E.531, subdivision 3, is amended to read:

Subd. 3. Upon furnishing assistance under the provisions of sections 62E.51 to 62E.55, the department of human services commerce shall be subrogated, to the extent of its payments for health services, to any rights the eligible person or a dependent may have under the terms of any plan of health coverage as defined in section 62E.02, subdivision 9 or insurance as defined in section 79.01, subdivision 3. The right of subrogation shall not attach prior

to written notice of the exercise of subrogation rights to the issuer of the plan of health coverage.

The attorney general, or the appropriate county attorney, acting upon direction from the attorney general, commissioner may institute or join a appropriate civil action against the issuer of the plan of health coverage to recover under this subdivision.

Sec. 11. [136A.134] [GRANTS TO DISLOCATED RURAL WORKERS.]

Subdivision 1. [ESTABLISHMENT OF PROGRAM.] A dislocated rural worker grant program is established under the supervision of the higher education coordinating board. The board shall develop policies and procedures for the administration of the program and the allocation of the program funds to eligible institutions.

Subd. 2. [ELIGIBLE INSTITUTIONS.] For purposes of this section, "eligible institution" means eligible institutions as defined in section 136A.101.

Subd. 3. [APPLICANTS.] An applicant is eligible to be considered for a dislocated rural worker grant if the applicant:

(1) is a resident of a county named a rural human resources protection zone under section 245.74, subdivision 1;

(2) is enrolled in an adult farm management program or a program designed to provide preparation for available employment within the local labor market or in an area to which the individual is willing to relocate;

(3) has met the financial need criteria established by the board; and

(4) can demonstrate that one of the following criteria has been met:

(i) the applicant or applicant's spouse has been separated from employment or has received a notice of separation from employment as a result of job obsolescence, plant shutdown, regional decline in the applicant's customary occupation, or industry slowdown and the applicant is unlikely to return to work for that employer or in that occupation within 12 months following separation from employment;

(ii) the applicant is a displaced homemaker; or

(iii) the applicant or the applicant's spouse is a farmer who can demonstrate severe household financial need.



**Subd. 4. [PROGRAM RECIPIENTS.]** A recipient of a dislocated rural worker grant shall be selected by the post-secondary education institution in accordance with guidelines, policies, and rules established by the board. The board may adopt emergency rules for awarding grants only for the fiscal year beginning July 1, 1987.

**Subd. 5. [PROGRAM COORDINATION; INFORMATION.]** The board shall develop and provide information to dislocated workers in rural areas about post-secondary education opportunities and student financial aid programs. The board shall also provide for the coordination of dislocated rural worker grants with other available student financial aid programs. Dislocated rural worker grants must be awarded in a manner that maximizes the use of existing federal and state student financial aid programs.

Sec. 12. Minnesota Statutes 1986, section 245.74, subdivision 1, is amended to read:

**Subdivision 1. [FORMULA.]** The commissioner of human services shall pay equalization aid to counties based upon the appropriation and a formula that includes four factors: recipient rate, per capita income, per capita taxable value, and per capita expenditures for welfare.

(a) Seventy-five percent of the appropriation must be distributed according to the four factor formula.

(b) Twenty-five percent of the appropriation must be distributed on a per capita basis to counties in which 25 percent or more of all employment is farm employment. The commissioner must use the most current information from the United States Department of Commerce, Bureau of Economic Analysis, in determining farm employment. The commissioner shall make the determination on an annual basis and counties meeting the 25 percent requirement shall be designated a rural human resources protection zone. A county that receives a distribution under the four factor formula is not eligible for an increase in distribution based on farm employment.

Sec. 13. Minnesota Statutes 1986, section 268.6751, subdivision 1, is amended to read:

**Subdivision 1. [WAGE SUBSIDIES.]** (a) Seventy-five percent of wage subsidy money must be allocated to eligible local service units in the following manner described in clauses (1) and (2):

(a) (1) The commissioner shall allocate 70 percent of the funds available for allocation to eligible local service units for wage subsidy programs as follows: the proportion of the wage subsidy money available to each eligible local service unit must be based on the number of unemployed persons in the eligible local service unit for the most recent six-month period and the number of work

readiness assistance cases and aid to families with dependent children cases in the eligible local service unit for the most recent six-month period.

(b) (2) Thirty percent of the money available for wage subsidy programs must be allocated at the direction and discretion of the coordinator. The commissioner shall distribute the discretionary portion of wage subsidy appropriations at the request of the coordinator. For the biennium ending June 30, 1987, up to 25 percent of the discretionary portion of the wage subsidy appropriation may be used to support the office of full productivity and opportunity and the development of an intake, referral, and inventory system. In allocating the remaining discretionary portion of the wage subsidy appropriation, the coordinator shall give priority to eligible local service units that have:

(1) (i) high numbers of farmers who can demonstrate severe household financial need;

(2) (ii) demonstrated success in placing public assistance applicants in private sector jobs;

(3) (iii) demonstrated need beyond the allocation distributed under paragraph (a);

(4) (iv) maximized use of money through coordination with other programs and state, local, and federal agencies, and through the use of matching money from private and nonprofit sources;

(5) (v) demonstrated need to provide special assistance in order to serve unemployed persons who incur unusual costs such as necessary relocation expenses; or

(6) (vi) areas with high unemployment rates.

(b) Twenty-five percent of wage subsidy money must be distributed in the manner and subject to the restrictions provided in section 245.74, subdivision 1, clause (a).

#### Sec. 14. [ELIGIBILITY FOR ENROLLMENT IN STATE PLAN.]

A Minnesota resident of a county designated as a rural human resources protection zone under section 12 may enroll in the state comprehensive health insurance plan described in section 62E.14 within 60 days of the effective date of this section, with a waiver of the preexisting condition limitation in section 62E.14, subdivision 3, and a waiver of the evidence of rejection in section 62E.14, subdivision 1, paragraph (c).

Coverage in the state plan under this section terminates on July 1, 1988.

Sec. 15. [REPORT.]

The commissioner of commerce, after consultation with the commissioners of health, human services, and jobs and training, shall recommend legislation to allow persons referred to in section 14 to obtain group insurance coverage paid for, and administered by, the state. This legislation shall be submitted in the form of a report to the legislature under section 3.195. The report must be submitted to the legislature by January 1, 1988.

Sec. 16. [APPROPRIATION.]

\$7,000,000 is appropriated from the general fund to the commissioner of commerce for the fiscal year ending June 30, 1989, for the purposes of sections 1 to 10. The approved complement of the department of commerce is increased by one position.

\$10,000 is appropriated from the general fund to the commissioner of commerce for the fiscal year ending June 30, 1988, for the purpose of paying the state plan premium to the writing carrier for coverage of those enrolling under section 14.

ARTICLE 3

UNEMPLOYMENT AND WORKERS' COMPENSATION

Section 1. Minnesota Statutes 1986, 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 judgment 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 unemploy-

ment 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 1986, section 268.04, subdivision 2, is amended to read:

Subd. 2. "Base period" means the period of 52 calendar weeks immediately preceding the first day of an individual's benefit year. However, if a claimant received weekly worker's compensation for temporary total disability under the provisions of chapter 176 or under a similar law of the United States for more than seven weeks within the base period, or if a claimant, whose own serious illness caused a loss of credit weeks within the base period, received compensation due to the illness from some other source or under a law of this state other than chapter 176 or under a similar law of the United States for more than seven weeks within the base period, the claimant's base period shall be lengthened by the same number of weeks, but not to exceed 52 weeks, for which the claimant received the payments. No extended base period shall include wage credits upon which benefits were established and paid with respect to a prior valid claim. first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year; except: (a) if during the base period an individual received workers' compensation for temporary disability under chapter 176 or a similar law of the United States, or if an individual whose own serious illness caused a loss of work for which the individual received compensation due to the illness from some other source or under a law of this state other than chapter 176 or a similar law of the United States, the individual's base period shall be lengthened to the extent stated as follows:

(1) if an individual was compensated, as described above, for a loss of work of seven to 13 weeks, the original base period shall be extended to include one calendar quarter preceding the original base period; or

(2) if an individual was compensated, as described above, for a loss of work of 14 to 26 weeks, the original base period shall be extended to include two calendar quarters preceding the original base period; or

(3) if an individual was compensated, as described above, for a loss of work from 27 to 39 weeks, the original base period shall be extended to include the first three calendar quarters preceding the original base period; or

(4) if an individual was compensated, as described above, for a loss of work from 40 to 52 weeks, the original base period shall be extended to include the first four quarters preceding the original base period; or

(b) if the commissioner finds that, during the base period described above, the individual has insufficient wage credits to establish a valid claim, the individual may request a determination of validity using an alternate base period of the last four completed calendar quarters preceding the first day of an individual's benefit year. This alternate base period may be used by an individual only once during any five calendar year period to establish a valid claim.

In no instance shall the base period be extended to include more than four additional calendar quarters.

No base period, extended base period, or alternate base period under paragraph (b) shall include wage credits upon which a claim was established and benefits were paid with respect to that valid claim.

Sec. 3. Minnesota Statutes 1986, 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 the individual's base period sufficient to entitle the individual to benefits under section 268.07, subdivision 2.

Sec. 4. Minnesota Statutes 1986, 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 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 employees generally or for a class or classes of 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 the 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 withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of 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 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. 5. Minnesota Statutes 1986, 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. 6. Minnesota Statutes 1986, 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. 7. Minnesota Statutes 1986, 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. 8. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 34. [CONTRIBUTION REPORT.] "Contribution report" means the summary report of wages and employment used to determine the amount of contributions due by employers on a calendar quarter basis. An auxiliary report of wages and employment broken down by business locations, when required, is part of the contribution report.

Sec. 9. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 35. [WAGE DETAIL REPORT.] "Wage detail report" means the itemized report used to record the information required by section 268.121.

Sec. 10. Minnesota Statutes 1986, 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 the individual's 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 the individual's 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 (United States Code, title 42, section 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. 11. Minnesota Statutes 1986, 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 2½ 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 2½ 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  $1\frac{1}{2}$  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 1988 and seven-tenths of one percent for calendar year 1989 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 a contribution rate increased or decreased by more than one and one-half percentage points for 1982; and  $2\frac{1}{2}$  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  $1\frac{1}{2}$  percentage points for 1983 and each year thereafter.

#### Sec. 12. [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. 13. Minnesota Statutes 1986, 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 the individual's benefit year as follows:

(1) Weekly benefit amount shall be equal to 60 percent of the first \$85, 40 percent of the next \$85 and 50 percent of the remainder of the average weekly wage of such individual

(a) for claims which establish a benefit year prior to July 1, 1988, 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, 1988, 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 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 $\frac{2}{3}$  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 the individual's weekly benefit amount or (b) 70  $\frac{2}{3}$  percent of the number of credit weeks earned by such an individual computed to the nearest whole week times the individual's 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 the individual's weekly benefit amount less that part of the individual's earnings, including holiday pay, payable to the individual 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, 1987, 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, 1987, shall be \$239.

Sec. 14. Minnesota Statutes 1986, 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. 15. Minnesota Statutes 1986, 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 the commissioner's 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 United States Code, title 5, 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 United States Code, title 5, chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in the individual's 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 the individual's benefit year which begin in an extended benefit period and, if the 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 the individual's eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under United States Code, title 5, chapter 85) in the individual's 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 the individual 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 the individual's benefit year, the individual may subsequently be determined to be entitled to added regular benefits; or

(b) The individual's benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which the individual could establish a new benefit year that would include such week or having established a benefit year that includes such week, the individual 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 canceled wage credits or totally reduced 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 the individual is seeking such benefits and the appropriate agency finally determines that the individual is not entitled to benefits under such law the individual 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. 16. [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. [ELIGIBILITY.] 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, 1987, or thereafter.

Sec. 17: Minnesota Statutes 1986, 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 terminated 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. 18. Minnesota Statutes 1986, 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 the individual is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of the individual's 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, the individual 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 the individual 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. 19. Minnesota Statutes 1986, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clause (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 the individual's separation and the individual has earned ~~four~~ eight times the individual's weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued 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 conduct 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 work or for misconduct which interferes with and adversely affects 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 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 personal, serious illness provided that such individual has made reasonable efforts to retain employment;

An individual who is separated from employment due to the individual's illness of chemical dependency which has been profes-

sionally diagnosed or for which the individual has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment the individual knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain employment.

(c) The individual accepts work from a base period employer which involves a change in 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 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 of reaching mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by the employer because the individual 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 the individual receives the individual's normal wage or salary which is equal to or greater than the 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 work or gross misconduct which interferes with and adversely affects the individual's 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 the individual was discharged for gross misconduct connected with 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 the individual's 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 was not accepted or whose offer of re-employment was refused solely due to the distance of the available work from the individual's residence, the individual's own serious illness or the individual's 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 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 the individual's own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 20. Minnesota Statutes 1986, 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 the refusal or failure and the individual has earned ~~four~~ eight times the individual's weekly benefit amount in insured work if the commissioner finds that the individual has failed, without good cause, either to apply for available, suitable work of which advised by the employment office, or the commissioner or to accept suitable work when offered, or to return to 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 the 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 health, safety, and morals, physical fitness and prior training, experience, length of unemployment and prospects of securing local work in the individual's customary occupation, and the distance of the available work from the individual's 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. 21. Minnesota Statutes 1986, 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. 22. Minnesota Statutes 1986, section 268.10, subdivision 1, is amended to read:

Subdivision 1. [FILING.] (a) Claims for benefits shall be made in accordance with such rules as the commissioner may prescribe. Each employer shall post and maintain printed statements of such rules in places readily accessible to individuals in the employer's service and shall make available to each such individual at the time of becoming unemployed, a printed statement of such rules. Such printed statements shall be supplied by the commissioner to each employer without cost to the employer.

(1) (b) Any employer upon separation of an employee from 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 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 the individual's base period.

(2) Upon the filing, by an individual, of a claim for benefits, the commissioner shall give notice to all such base period employers of the filing of such claim and request each such base period employer, within seven days after the mailing of such notice, to furnish the following information:

- (a) The total wage credits earned in the base period;
- (b) The number of credit weeks which end within the base period;
- (c) The week ending dates for each calendar week within the base period in which the individual earned less than the amount required to make a credit week and the amount of earnings in each such week;
- (d) The reason for the separation or separations of such individual from the employ of the employer in the base period; and
- (e) Such employer's protest, if any, relating to the ineligibility or disqualification of such individual.

(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 the employer's 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 jobs and training and credited to the contingent fund if the employer 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 the employer's last known address.

(c) For the purpose of complying with section 268.04, subdivision 2, the commissioner may require all base period employers to provide such information as the commissioner may prescribe, including, but not limited to, wages paid during any part of the base period, whether or not such information was previously provided.

(d) Upon establishment of a benefit year, the commissioner shall give notice to the last employer for whom the individual worked and all base period employers. The employer so notified shall have seven days after the mailing of the notice to file a protest to monetary entitlement or a protest raising an issue of ineligibility or disqualification.

(e) If, upon review of the wage information on file with the department, it is found that an employer failed to provide wage information for the claimant, the commissioner shall accept a claimant certification as to the wage credits earned, based upon the claimant's records, and issue a monetary determination of validity certification. This determination may be modified based upon corrected information subsequently received from the employer or other sources. The employer who failed to report the individual's wages or filed an erroneous report may be penalized in accordance with section 268.16 or 268.18. In the absence of fraud, if a redetermination of validity of claim based on an employer's late corrected or erroneous report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid prior to such redetermination; and

(b) (f) The commissioner shall determine any issue of disqualification raised by clause (1) under paragraph (d) or by an employer's late report. If an employer fails to file a separation notice within the time limits prescribed in clause (1) paragraph (b), 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 or protest.

Sec. 23. Minnesota Statutes 1986, 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 the employer's account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an appeal tribunal decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal decision awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the rules 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 the 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 the commissioner's own motion may reconsider a determination of validity made thereon and make a redetermination thereof on finding 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 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. 24. Minnesota Statutes 1986, section 268.121, is amended to read:

#### 268.121 [WAGE REPORTING.]

Beginning on April 1, 1984, each employer subject to this chapter shall provide the commissioner with a quarterly report of the wages, as defined in section 268.04, subdivision 25, paid to each employee of that employer covered by this chapter. The commissioner shall provide the legislature with recommendations for statutory changes to fully implement this section no later than January 1, 1983. The

report must include the employee's name, social security number, the wages paid each week to an employee, and the total wages paid to the employee. The report is due and must be filed at the same time as the contribution report in accordance with rules established by the commissioner for filing of quarterly contribution reports. For the purpose of this section, "wages paid" includes wages actually or constructively paid and wages overdue and delayed beyond the usual time of payment.

Sec. 25. [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, 1988.

Sec. 26. [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. 27. [WORKERS' COMPENSATION PREMIUM REDUCTION.]

The commissioner of the department of labor and industry shall report to the legislature by February 1, 1988 with proposals for reform in the workers' compensation system that will produce a 20 percent reduction in workers' compensation premium rates.

Sec. 28. [EFFECTIVE DATE.]

Sections 1, 16, 17, 18, 19, 20, 25, and 26 are effective the day following final enactment. Sections 2, 3, 5, 6, 7, 8, 9, 13, 14, 15, 21, 22, 23, and 24 are effective July 1, 1987. Sections 4, 11, and 12 are effective retroactively to January 1, 1987.

ARTICLE 4

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 Minnesota Statutes, 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 1986, 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 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 1986, section 14.48, is amended to read:

**14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE APPOINTED; 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 the 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 only for cause. All admin-

istrative 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 1986, 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 the chief administrative law judge's 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 1986, 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 1986, 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 1986, 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.

The governor may upon the unanimous written request of exclusive representatives of units and the commissioner direct that negotiations be conducted for one or more units in a common proceeding or that supplemental negotiations be conducted for portions of a unit or units defined on the basis of appointing authority or geography.

Sec. 8. Minnesota Statutes 1986, 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 the employer's 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 1986, section 268.06, subdivision 19, is amended to read:

Subd. 19. [NOTICE OF RATE.] The commissioner shall mail to each employer notice of the employer's 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 1986, 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 the employer's rate for any calendar year as provided in subdivision 19, may be had by the employer by filing with the commissioner a written protest setting forth reasons therefor within 30 days from the date of the mailing of the notice of charges or contribution rate to the employer. The date shall appear on the notice. Upon receipt of the protest, the commissioner shall refer the matter to an official designated by the commissioner 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, the employer 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 commissioner 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 the commissioner's 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 the referee's judge's 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 1986, 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 the employer's 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 rules 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 the 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 the commissioner's own motion may reconsider a determination of validity made thereon and make a redetermination thereof on finding 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 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 1986, 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 1986, 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 1986, 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 personally hear 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 jobs and training 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 representative.

Sec. 15. Minnesota Statutes 1986, 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 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 1986, 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 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 the agent is an attorney at law.

Sec. 17. Minnesota Statutes 1986, 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 the commissioner 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 the commissioner's 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 the commissioner's 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 on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 18. Minnesota Statutes 1986, 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 chair 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 1986, 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 chair 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 may tend to be incriminating or subject the person 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 the person is compelled, after having claimed a 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 1986, section 268.12, subdivision 13, is amended to read:

Subd. 13. [DETERMINATIONS.] (1) An official, designated by the commissioner, upon the commissioner's 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 jobs and training, 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 the 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 the commissioner's own motion orders the matter certified to the commissioner 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 the commissioner require. The commissioner shall notify the employing unit and the chief administrative law judge of the commissioner's 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 unemployment insurance judge, 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 unemployment insurance judge 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 1986, section 268.18, subdivision 1, is amended to read:

Subdivision 1. [ERRONEOUS PAYMENTS.] Any claimant for benefits who, by reason of the claimant's 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 the claimant was not entitled under these sections, shall promptly return such benefits in cash to the nearest office of the Minnesota department of jobs and training. If such claimant fails to return such benefits, the department of jobs and training 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 jobs and training within 15 days after the mailing of the notice of determination to the claimant's 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 jobs and training 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 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. Benefits paid for weeks more than three years prior to the discovery of error are not erroneous payments.

Sec. 22. Minnesota Statutes 1986, 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 the claimant 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, the commissioner 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 the claimant 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 jobs and training any benefits fraudulently obtained. Unless the claimant files a written appeal with the department of jobs and training within 15 days after the mailing of the notice of determination to the claimant's 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, 1987.

## ARTICLE 5

### TAX CREDITS

Section 1. [LEGISLATIVE FINDINGS.]

The legislature finds that the large number of unemployed workers in this state causes serious damage to the health, welfare, and personal and economic well-being of the people of this state. Further, the legislature finds the costs of funding workers' compensation and unemployment compensation are a heavy financial burden on the business community that discourages the expansion of industry and creation of jobs in this state. The legislature, therefore, finds that the public good and general welfare will be promoted and that jobs will be created by providing the tax credits in sections 2 and 3 to employers for workers' compensation and unemployment compensation costs.

Sec. 2. [290.0695] [NEW JOBS CREDIT.]

Subdivision 1. [AMOUNT OF CREDIT.] A credit against the tax due under this chapter shall be allowed to a taxpayer in an amount equal to the sum of the qualified expenditures made or accrued during the taxable year with respect to each qualified employee.

If the credit exceeds the taxpayer's tax liability, the excess credit shall not be refunded or carried forward to a succeeding taxable year or carried back to a preceding taxable year.

Subd. 2. [DEFINITIONS.] (a) "Qualified employee" means a resident individual performing services within the state for an employer (1) the performance of which constitutes employment as defined in section 268.04, subdivision 12, or (2) for whom the employer is required to provide workers' compensation insurance and to whom the employer is liable for compensation pursuant to chapter 176. An employee shall be deemed to be performing services within the state if his regular or principal place of work is located within the state. If an employee has no regular or principal place of work, the services he performs shall be deemed to be performed within the state.

The employee must have been unemployed for a period of ten consecutive weeks ending on the day the individual is hired by the employer. An individual is unemployed in any week for which he has filed a valid claim, as defined in section 268.04, subdivision 24, for unemployment compensation, and for which he is eligible to receive benefits under section 268.08, without regard to whether or not benefits have been exhausted.

(b) "Workers' compensation insurance costs" means (1) workers' compensation insurance premiums paid to an insurance carrier, (2) payments to a workers' compensation group self-insurance plan, and (3) payments of compensation or benefits made to employees by a self-insured employer.

(c) "Qualified expenditures" means expenditures paid or incurred with respect to each qualified employee, beginning the day the employee begins work for the employer, for (1) employer's contributions pursuant to section 268.06, and (2) worker's compensation insurance costs. To determine the amount of worker's compensation costs with respect to each qualified employee of a self-insured employer, the total worker's compensation insurance costs for the risk classification of the employee shall be multiplied by a fraction, the numerator of which is the wages paid or incurred to the employee during the taxable year and which were paid or incurred within the one-year period beginning the day the employee began work for the employer, and the denominator of which is wages paid during the taxable year to all employees of the taxpayer for that risk classification; provided, however, that the amount shall not exceed the highest premium rate charged for that risk classification in that industry.

### Sec. 3. [298.029] [NEW JOBS CREDIT.]

Subdivision 1. [AMOUNT OF CREDIT.] A credit against the tax due under section 298.01 shall be allowed to a taxpayer in an

amount equal to the sum of the qualified expenditures made or accrued during the calendar year with respect to each qualified employee.

If the credit exceeds the taxpayer's tax liability, the excess credit shall not be refunded or carried forward to a succeeding year or carried back to a preceding year.

Subd. 2. [DEFINITIONS.] (a) "Qualified employee" means a resident individual performing services within the state for an employer (1) the performance of which constitutes employment as defined in section 268.04, subdivision 12, or (2) for whom the employer is required to provide workers' compensation insurance and to whom the employer is liable for compensation pursuant to chapter 176. An employee shall be deemed to be performing services if his regular or principal place of work is located within the state. If an employee has no regular or principal place of work, the services he performs shall be deemed to be performed within the state.

The employee must have been unemployed for a period of ten consecutive weeks ending on the day the individual is hired by the employer. An individual is unemployed in any week during which he performs no services with respect to which wages are payable.

(b) "Workers' compensation insurance costs" means (1) workers' compensation insurance premiums paid to an insurance carrier, (2) payments to a workers' compensation group self-insurance plan, and (3) payments of compensation or benefits made to employees by a self-insured employer.

(c) "Qualified expenditures" means expenditures paid or incurred with respect to each qualified employee, beginning the day the employee begins work for the employer, for (1) employer's contributions pursuant to section 268.06, and (2) worker's compensation insurance costs. To determine the amount of worker's compensation costs with respect to each qualified employee of a self-insured employer, the total worker's compensation insurance costs for the risk classification of the employee shall be multiplied by a fraction, the numerator of which is the wages paid or incurred to the employee during the year and which were paid or incurred within the one-year period beginning the day the employee began work for the employer, and the denominator, of which is wages paid during the year to all employees of the taxpayer for that risk classification.

Sec. 4. Minnesota Statutes 1986, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] In addition to the deduction provided in section 290.09, a corporation, other than a corporation with a valid election in effect under section 290.9725, is allowed a

credit against the tax imposed by this chapter for the taxable year equal to

- (a) ~~12.5~~ 25 percent of the first \$2 million of the excess (if any) of
- (1) the qualified research expenses for the taxable year, over
  - (2) the base period research expenses; and
- (b) ~~6.25~~ 12.5 percent on all of such excess expenses over \$2 million.

Sec. 5. [EFFECTIVE DATE.]

Section 2 is effective for qualified expenditures paid or incurred in taxable years beginning after December 31, 1986, but prior to January 1, 1989, with respect to employees who first begin work for the employer in taxable years beginning after December 31, 1986, but prior to January 1, 1989. Section 3 is effective for qualified expenditures paid or incurred in calendar years 1987 and 1988 with respect to employees who first begin work for the employer in calendar year 1987 or 1988. Section 4 is effective for taxable years beginning after December 31, 1986.

ARTICLE 6

RURAL DEVELOPMENT CORPORATION ACT

Section 1. [116N.01] [PURPOSE.]

It is the intent of sections 1 to 10 to ensure the development of new products, processes, and services that have the potential to contribute to the state's economy, particularly in nonmetropolitan areas. In order to further these purposes, incorporation of specialized rural development corporations is authorized.

Sec. 2. [116N.02] [INCORPORATION; PURPOSES.]

A rural development corporation may be incorporated under chapter 302A and sections 1 to 10 for one of the following purposes:

- (1) establishing and operating a venture capital investment fund;
- (2) promotion of ideas, inventions, business processes, and other tangible intellectual business property developed by individuals, and to prevent exploitation of these ideas, inventions, business processes, and other tangible intellectual business property until the inventor or developer of the property elects to commercially



exploit the property, or to sell, transfer, or dispose of any interest in that property;

(3) assessment of applied high technology research or technical information deficiencies, to facilitate communication and funding activities necessary for the initiation of applied high technology research beneficial to rural economic development, and to facilitate communication and funding activities necessary to satisfy identified technical information needs within the high technology industry;

(4) assessment of deficiencies in applied agricultural products utilization research or technical information available to the agricultural products processing industry, to facilitate communication and funding activities necessary for the initiation of applied agricultural products utilization research beneficial to rural economic development, and to facilitate communication and funding activities necessary to satisfy identified technical needs within the agricultural products processing industry; or

(5) assessment of deficiencies in applied silvicultural products utilization research or technical information available to the silvicultural products processing industry, to facilitate communication and funding activities necessary for the initiation of applied silvicultural products utilization research beneficial to rural economic development, and to facilitate communication and funding activities necessary to satisfy identified technical needs within the wood products industry.

Sec. 3. [116N.03] [ORGANIZATION; ARTICLES; APPLICABLE LAW.] A rural economic development corporation shall, except as provided in sections 1 to 10, organize and operate under chapter 302A.

Sec. 4. [116N.04] [POWERS; LIMITATIONS.]

Subdivision 1. [VENTURE CAPITAL CORPORATION.] A rural development corporation incorporated for the purposes of section 2, clause (1), has all of the powers of a corporation provided in chapter 302A, subject to limitations imposed by its articles of incorporation and bylaws, except the power to:

(1) issue bonds or other instruments of indebtedness, except in the form of a mortgage or lease of real property or improvements on which to conduct its operations, or in the form of short-term credit needed to facilitate the operation of the corporation;

(2) loan money secured by mortgage on real property;

(3) obtain, except by default, a controlling interest in any corporation, partnership, limited partnership, or other form of business in which the corporation may acquire an interest;

(4) acquire, except by default, an equity interest, or a right to an equity interest, exceeding five percent of the total equity of any corporation, partnership, limited partnership, or other form of business in which the corporation has invested venture capital funds; and

(5) transfer, except by default, an equity interest or right to an equity interest in any government entity, agency, or investment fund in an aggregate amount exceeding 12.5 percent of the total equity of the corporation.

Subd. 2. [IDEA WAREHOUSE CORPORATION.] A rural development corporation incorporated for the purposes of section 2, clause (2), has all of the powers of a corporation provided in chapter 302A, subject to limitations imposed by its articles of incorporation and bylaws, except the power to:

(1) issue bonds or other instruments of indebtedness, except in the form of a mortgage or lease of real property or improvements on which to conduct its operations, or in the form of short-term credit needed to facilitate the operation of the corporation;

(2) loan money or hold property interests in the form of mortgages;

(3) obtain, except by gift or default, an equity interest in any corporation, partnership, limited partnership, or other form of business that is a client of the corporation;

(4) obtain, except as provided in section 5, subdivision 2, an interest in intellectual business property owned or developed by a client of the corporation; and

(5) transfer, except by default, an equity interest or right to an equity interest, in any government entity, agency, or investment fund in an aggregate amount exceeding 25 percent of the total equity of the corporation.

Subd. 3. [HIGH TECHNOLOGY RESEARCH CORPORATION.] A rural development corporation incorporated for the purposes of section 2, clause (3), has all of the powers provided in chapter 302A, subject to limitations imposed by its articles of incorporation and bylaws, except the power to:

(1) issue bonds or other instruments of indebtedness, except in the form of a mortgage or lease of real property or improvements on

which to conduct its operations, or in the form of short-term credit needed to facilitate the operation of the corporation;

(2) loan money or hold property interests in the form of mortgages;

(3) obtain, except by gift or default, an equity interest in any corporation, partnership, limited partnership, or other form of business; and

(4) transfer, except by default, an equity interest or right to an equity interest, in any government entity, agency, or investment fund in an aggregate amount exceeding 15 percent of the total equity of the corporation.

Subd. 4. [AGRICULTURAL PRODUCTS RESEARCH CORPORATION.] A rural development corporation incorporated for the purposes of section 2, clause (4), has all of the powers of a corporation provided in chapter 302A, subject to limitations imposed by its articles of incorporation and bylaws, except the power to:

(1) issue bonds or other instruments of indebtedness, except in the form of a mortgage or lease of real property or improvements on which to conduct its operations, or in the form of short-term credit needed to facilitate the operation of the corporation;

(2) loan money or hold property interests in the form of mortgages;

(3) obtain, except by default, a controlling interest in a corporation, partnership, limited partnership, or other form of business in which the corporation has acquired an interest; and

(4) transfer, except by default, an equity interest or right to an equity interest, in any government entity, agency, or investment fund in an aggregate amount exceeding 15 percent of the total equity of the corporation.

Subd. 5. [FOREST PRODUCTS RESEARCH CORPORATION.] A rural development corporation incorporated for the purposes of section 2, clause (5), has all of the powers of a corporation provided in chapter 302A, subject to limitations imposed by its articles of incorporation and bylaws, except the power to:

(1) issue bonds or other instruments of indebtedness, except in the form of a mortgage or lease of real property or improvements on which to conduct its operations, or in the form of short-term credit needed to facilitate the operation of the corporation;

(2) loan money or hold property interests in the form of mortgages;

(3) obtain, except by default, a controlling interest in a corporation, partnership, limited partnership, or other form of business in which the corporation has acquired an interest; and

(4) transfer, except by default, an equity interest or right to an equity interest, in a government entity, agency, or investment fund in an aggregate amount exceeding 15 percent of the total equity of the corporation.

Sec. 5. [116N.05] [POWERS; SPECIFIC AUTHORITY.]

Subdivision 1. [VENTURE CAPITAL CORPORATION.] In addition to the powers provided in chapter 302A, a rural development corporation incorporated for the purposes of section 2, clause (1), may:

(1) maintain a fund within the state treasury to be used exclusively for venture capital investment purposes;

(2) accept contributions from any private source in the form of money, real estate or improvements, services, equipment, or other real or personal property;

(3) accept contributions from any government source in the form of real estate or improvements, services, equipment, block grant funds, money, or other real or personal property;

(4) purchase equity interests in the form of stock issued by new or expanding businesses subject to a standard of care common to the venture capital industry; and

(5) loan money to new or expanding businesses for venture capital investment purposes if the money loaned is secured by a right to the royalties or rents of, or an equity interest in, the business for which the money is used.

Subd. 2. [IDEA WAREHOUSE CORPORATION.] In addition to the powers provided in chapter 302A, a rural development corporation incorporated for the purposes of section 2, clause (2), may:

(1) maintain a fund to be used exclusively to finance the creation and operation of an "idea warehouse";

(2) accept contributions from any private source in the form of money, real estate or improvements, services, equipment, or other real or personal property;

(3) accept contributions from any government source in the form of real estate or improvements, services, equipment, money, or other real or personal property;

(4) act as an agent for the protection of all forms of unpatented or uncopyrighted inventions, business processes, and other intellectual property on behalf of the owner or developer of the invention, processes, or intellectual property;

(5) serve as bailee for all forms of inventions, processes, and intellectual property; a corporation formed for the purposes of idea warehousing may act on behalf of the bailor to defend the bailed property against conversion, theft, copyright violations, patent infringement, or other wrongful encroachment on the rights of the bailor in relation to the bailed property; and

(6) apply for and accept state rural development matching grants as provided for in section 6.

Subd. 3. [HIGH TECHNOLOGY RESEARCH CORPORATION.] In addition to the powers provided in chapter 302A, a rural development corporation incorporated for the purposes of section 2, clause (3), may:

(1) maintain a fund to be used exclusively to finance applied high technology research projects of the corporation;

(2) accept contributions from any private source in the form of money, real estate or improvements, services, equipment, or other real or personal property;

(3) accept contributions from any government source in the form of real estate or improvements, services, equipment, money, or other real or personal property;

(4) apply for and accept state rural development matching grants as provided for in section 6; and

(5) accept contributions from any private or public post-secondary educational institution in the form of real estate or improvements, services, or equipment.

Subd. 4. [AGRICULTURAL PRODUCTS RESEARCH CORPORATION.] In addition to the powers provided in chapter 302A, a rural development corporation incorporated for the purposes of section 2, clause (4), may:

(1) maintain a fund to be used exclusively to finance applied agricultural products research projects of the corporation;

(2) accept contributions from any private source in the form of money, real estate or improvements, services, equipment, or other real or personal property;

(3) accept contributions from any government source whether in the form of real estate or improvements, services, equipment, money, or other real or personal property;

(4) apply for and accept state rural development matching grants as provided for in section 6; and

(5) accept contributions from any private or public post-secondary educational institution in the form of real estate or improvements, services, or equipment.

Subd. 5. [FOREST PRODUCTS RESEARCH CORPORATION.] In addition to the powers provided in chapter 302A, a rural development corporation incorporated for the purposes of section 2, clause (3), may:

(1) maintain a fund to be used exclusively to finance applied forest products research projects of the corporation;

(2) accept contributions from any private source in the form of money, real estate or improvements, services, equipment, or other real or personal property;

(3) accept contributions from any government source whether in the form of real estate or improvements, services, equipment, money, or other real or personal property;

(4) apply for and accept state rural development matching grants as provided for in section 6; and

(5) accept contributions from any private or public post-secondary educational institution in the form of real estate or improvements, services, or equipment.

Sec. 6. [116N.06] [MATCHING GRANTS TO RURAL DEVELOPMENT CORPORATIONS.]

Subdivision 1. [AUTHORIZATION; LIMITATIONS.] The commissioner of energy and economic development may make matching grants to rural development corporations to be used for the purposes for which the corporation was formed. A corporation formed under sections 1 to 10 that meets the eligibility requirements established in this section may apply to the commissioner for matching funds. Within 60 days following receipt of an application, the commissioner shall either grant an amount appropriate for the needs of the applicant, or provide a reason for denying the application. The commissioner shall deny an application if:

(1) the commissioner determines that the requirements of this section will not be satisfied throughout the fiscal year in which the grant is to be made;

(2) the commissioner lacks the authority to award the grant;

(3) grant money is not available, or is not sufficient for the needs of the applicant; or

(4) evidence relating to the management experience or personal background of officers or directors or the applicant suggests financial unreliability of the corporation.

The commissioner may award any number of grants to a corporation within a single fiscal year, but may award grants to only two corporations formed for each of the purposes provided in section 2, clauses (2) to (5) during a fiscal year.

Subd. 2. [VENTURE CAPITAL CORPORATIONS.] Rural development corporations incorporated for the purposes of section 2, clause (1) are not eligible for matching grants.

Subd. 3. [IDEA WAREHOUSE CORPORATIONS.] Matching grants to rural development corporations incorporated for the purposes of section 2, clause (2) may not exceed the amount contributed or committed to the corporation from all other sources.

Subd. 4. [HIGH TECHNOLOGY RESEARCH CORPORATIONS.] Matching grants to a rural development corporation incorporated for the purposes of section 2, clause (3) may not exceed 50 percent of the amount contributed or committed to the corporation from all other sources.

Subd. 5. [AGRICULTURAL PRODUCTS RESEARCH CORPORATIONS.] Matching grants to rural development corporations incorporated for the purposes of section 2, clause (4) may not exceed 50 percent of the amount contributed or committed to the corporation from all other sources.

Subd. 6. [FOREST PRODUCTS RESEARCH CORPORATIONS.] Matching grants to rural development corporations incorporated for the purposes of section 2, clause (5) may not exceed 50 percent of the amount contributed or committed to the corporation from all other sources.

Sec. 7. [116N.07] [ELIGIBILITY.]

Subdivision 1. [VENTURE CAPITAL CORPORATION.] (a) A rural development corporation incorporated for the purposes of section 2, clause (1) may apply to the commissioner for matching

grants to be used for the purpose of the corporation. The commissioner may award grants to the corporation if:

(1) an authorized representative of the corporation agrees to permit unannounced audits or other inspection of books and records relating to the use of the grants at any time and manner considered appropriate by the state auditor;

(2) directors and officers of the corporation agree to submit conflict of interest statements in the manner required of public officials under section 10A.07. The statements shall be filed only during the receipt of state grant funds;

(3) an authorized representative agrees to file articles of incorporation and bylaws of the corporation with the secretary of state; or

(4) an authorized representative agrees to supply information required by the commissioner to annually report to the legislature on the rural development grant program.

(b) In addition to the requirements of paragraph (a), the directors or officers must possess, or agree to retain persons possessing, extensive experience in venture capital management.

Subd. 2. [IDEA WAREHOUSE CORPORATION.] (a) A rural development corporation incorporated for the purposes of section 2, clause (2) may apply to the commissioner for matching grants for the purpose of the corporation. The commissioner may award grants to the corporation if:

(1) an authorized representative of the corporation agrees to permit unannounced audits or other inspection of books and records relating to the use of the grants at any time and manner considered appropriate by the state auditor;

(2) directors and officers of the corporation agree to submit conflict of interest statements in the manner required of public officials under section 10A.07. The statements shall be filed only during the receipt of state grant funds;

(3) an authorized representative of the corporation agrees to file articles of incorporation and bylaws of the corporation with the secretary of state; or

(4) an authorized representative agrees to supply information required by the commissioner to annually report to the legislature on the rural development grant program.

(b) In addition to the requirements of paragraph (a), the directors or officers must possess, or agree to retain persons possessing,



extensive experience or education relating to patent procedures and to procedures relating to copyright protection and licensing of intellectual business property.

**Subd. 3. [HIGH TECHNOLOGY RESEARCH CORPORATION.]**

(a) A rural development corporation incorporated for the purposes of section 2, clause (3) may apply to the commissioner for matching grants for the purpose of the corporation. The commissioner may award grants to the corporation if:

(1) an authorized representative of the corporation agrees to permit unannounced audits or other inspection of books and records relating to the use of the grants at any time and manner considered appropriate by the state auditor;

(2) directors and officers of the corporation agree to submit conflict of interest statements in the manner required of public officials under section 10A.07. The statements shall be filed only during the receipt of state grant funds;

(3) an authorized representative of the corporation agrees to file articles of incorporation and bylaws of the corporation with the secretary of state; or

(4) an authorized representative of the corporation agrees to supply information needed by the commissioner to annually report to the legislature on the rural development grant program.

(b) In addition to the requirements of paragraph (a), the directors or officers must possess, or agree to retain persons possessing, extensive experience in the administration of applied research and experience or education in the manufacture and marketing of technologically sophisticated products.

**Subd. 4. [AGRICULTURAL PRODUCTS RESEARCH CORPORATION.]** (a) A rural development corporation incorporated for the purposes of section 2, clause (4) may apply to the commissioner for matching grants for the purpose of the corporation. The commissioner may award grants to the corporation if:

(1) an authorized representative of the corporation agrees to permit unannounced audits or other inspection of books and records relating to the use of the grants at any time and manner considered appropriate by the state auditor;

(2) directors and officers of the corporation agree to submit conflict of interest statements in the manner required of public officials under section 10A.07. The statements shall be filed only during the receipt of state grant funds;

(3) an authorized representative of the corporation agrees to file articles of incorporation and bylaws of the corporation with the secretary of state; or

(4) an authorized representative of the corporation agrees to supply information needed by the commissioner to annually report to the legislature on the rural development grant program.

(b) In addition to the requirements of paragraph (a), the directors or officers must possess, or agree to retain persons possessing, extensive experience in the administration of applied research and experience or education in the processing and marketing of agricultural products.

Subd. 5. [FOREST PRODUCTS RESEARCH CORPORATION.]

(a) A rural development corporation incorporated for the purposes of section 2, clause (5) may apply to the commissioner for matching grants for the purpose of the corporation. The commissioner may award grants to the corporation if:

(1) an authorized representative of the corporation agrees to permit unannounced audits or other inspection of books and records relating to the use of the grants at any time and manner considered appropriate by the state auditor;

(2) directors and officers of the corporation agree to submit conflict of interest statements in the manner required of public officials under section 10A.07. The statements shall be filed only during the receipt of state grant funds;

(3) an authorized representative of the corporation agrees to file articles of incorporation and bylaws of the corporation with the secretary of state; or

(4) an authorized representative of the corporation agrees to supply information needed by the commissioner to annually report to the legislature on the rural development grant program.

(b) In addition to the requirements of paragraph (a), the directors or officers must possess, or agree to retain persons possessing, extensive experience in the administration of applied research and experience or education in the processing and marketing of forest products.

Sec. 8. [116N.08] [STATUS OF DIRECTORS AND EMPLOYEES.]

Directors, officers, and employees of rural development corporations are not state employees. Directors and officers of rural development corporations are public officials for the purposes of sections 10A.07 and 471.87.

Sec. 9. [116N.09] [AUDIT REQUIRED.]

The board of directors of a rural development corporation shall annually audit the corporation's books, records, and operations. The audit shall be performed by an independent financial auditor. Each annual audit shall be submitted to the state auditor and the legislative auditor. Data contained in audit reports submitted to the state auditor and the legislative auditor are private data with regard to data on individuals under section 13.02, subdivision 12, or nonpublic data with regard to data not on individuals under section 13.02, subdivision 9. The state auditor shall initiate an audit of a rural development corporation that fails to submit to an annual audit.

Sec. 10. [116N.10] [REPORTS TO THE LEGISLATURE.]

Subdivision 1. [LEGISLATIVE AUDITOR.] The legislative auditor shall annually report to the legislature on the financial condition and volume of activity conducted by corporations incorporated under sections 1 to 10. To the extent permissible under chapter 13, the report shall summarize data contained in annual audit reports submitted to the legislative auditor by each corporation.

Subd. 2. [COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT.] The commissioner of energy and economic development shall annually report to the legislature on the purpose and volume of rural development grants awarded to rural development corporations.

Sec. 11. [APPROPRIATIONS.]

\$5,000,000 is appropriated from the general fund to the commissioner of energy and economic development for awards to rural development corporations in the form of matching grants to be available until June 30, 1989."

Amend the title accordingly

We regret that the Speaker does not wish the minority to offer any concrete alternative to his legislative program. We regret that he would abuse the process simply to insulate majority members from a vote on those alternatives.

We also regret that this action will impair the ability of any minority to be heard within the legislative body from this day forward. It represents a rejection of the two-party system, and of the principles of free speech.

It must be viewed as the single most destructive ruling ever made and upheld by this body.

We protest and dissent.

Signed:

Bill Schreiber  
 Paul Thiede  
 Craig Shaver  
 Jim Heap  
 Howard Miller  
 Steve Sviggum  
 Gil Gutknecht  
 Dale Clausnitzer  
 Steve Dille  
 Donald J. Valento  
 Chris Tjornhom  
 Bernie Omann  
 Gene Hugoson  
 Connie Morrison  
 Dennis J. Poppenhagen  
 Don Richter  
 Art Seaberg  
 Doug Swenson  
 Bob Haukoos  
 Mary Forsythe  
 David B. Gruenes  
 John Himle  
 Kathleen A. Blatz  
 Marcus Marsh  
 Gerald Knickerbocker

Elton Redalen  
 John Burger  
 Tony Onnen  
 Carlson, D.  
 K. J. McDonald  
 Eileen Tompkins  
 Dean Hartle  
 Dennis Ozment  
 John Rose  
 Sylvester Uphus  
 Brad Stanius  
 Harriet McPherson  
 Virgil Johnson  
 Gary Schafer  
 Bert J. McKasy  
 Allen Quist  
 Sally Olsen  
 Don Frerichs  
 Tony Bennett  
 Ben Boo  
 Bob Waltman  
 Terry Dempsey  
 Sidney Pauly  
 Marcel Frederick

#### ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Thursday, May 14, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Thursday, May 14, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

